

North Carolina's Alcohol Beverage Control System Is Outdated and Needs Modernization



**Final Report to the Joint Legislative
Program Evaluation Oversight Committee**

Report Number 2008-12-01

December 10, 2008



Program Evaluation Division
North Carolina General Assembly
Legislative Office Building, Suite 100
300 North Salisbury Street
Raleigh, NC 27603-5925
919-301-1404
www.ncleg.net/PED

200 copies of this public document were printed at a cost of \$886.43 or \$4.43 per copy.

A limited number of copies are available for distribution through the Legislative Library:

Rooms 2126, 2226
State Legislative Building
Raleigh, NC 27601
919-733-7778

Room 500
Legislative Office Building
Raleigh, NC 27603
919-733-9390

The report is also available online at www.ncleg.net/PED.



NORTH CAROLINA GENERAL ASSEMBLY
Legislative Services Office

George R. Hall, Legislative Services Officer

Program Evaluation Division
300 N. Salisbury Street, Suite 100
Raleigh, NC 27603-5925
Tel. 919-301-1404 Fax 919-301-1406

John W. Turcotte
Director

December 1, 2008

Representative James W. Crawford, Jr., Co-Chair, Joint Legislative Program Evaluation Oversight Committee

Senator Daniel G. Clodfelter, Co-Chair, Joint Legislative Program Evaluation Oversight Committee

Senator Fletcher L. Hartsell, Jr., Co-Chair, Joint Legislative Program Evaluation Oversight Committee

North Carolina General Assembly

Legislative Building

16 West Jones Street

Raleigh, NC 27601

Honorable Co-Chairs:

The Program Evaluation Division 2007-2008 Work Plan, approved December 5th, 2007, directed the Program Evaluation Division to evaluate the effectiveness of the Alcohol Beverage Control (ABC) system and identify improvement options for the system. This study focused on the operation of local ABC boards, reviewed ABC systems used by other states, and identified options for improving the effectiveness and efficiency of North Carolina's ABC system.

I am pleased to report that the North Carolina Alcohol Beverage Control Commission and the local ABC Boards cooperated with us fully and were at all times courteous to our evaluators during the evaluation.

Sincerely,

A handwritten signature in black ink, appearing to read "John W. Turcotte".

John W. Turcotte
Director



PROGRAM EVALUATION DIVISION

NORTH CAROLINA GENERAL ASSEMBLY

December 2008

Report No. 2008-12-01

North Carolina's Alcohol Beverage Control System Is Outdated and Needs Modernization

Summary

The Joint Legislative Program Evaluation Oversight Committee directed the Program Evaluation Division to evaluate the effectiveness of the Alcohol Beverage Control (ABC) system and identify improvement options. This study examined how North Carolina's ABC system functions, focusing on the operation of the 158 local boards. Together, these local boards operate 405 ABC stores across the state.

North Carolina's ABC system has not kept pace with demographic and economic changes in the state. Population shifts affect the ability of some local boards to be profitable as the state becomes more urbanized and shopping patterns change. Population growth in cities and towns makes the current threshold of 500 registered voters for holding municipal ABC store elections too low, resulting in unnecessary competition among boards and inefficient store operations.

State statutes limit the ability of the North Carolina ABC Commission to effectively and efficiently manage the ABC system. Financial data for local boards show performance varies considerably (e.g., some boards operate inefficiently when compared to private liquor retail operations). The ABC Commission does not have the authority to enforce minimum standards for operations and profitability, nor can it effectively assist boards in making changes to improve operations, such as local board consolidation or mergers.

Unlike other control states, North Carolina has not clearly defined the mission of local boards in state statutes or administrative rules. Some boards use the lack of a clear mission to justify ineffective and inefficient store operations by deemphasizing profitability.

North Carolina also has a different system for regulating the sale of liquor. All 50 states regulate the sale and distribution of alcoholic beverages by either directly controlling the distribution and sale of liquor or licensing suppliers, wholesalers, and retail businesses that distribute and sell liquor. North Carolina is considered a control state but is the only control state where local governments appoint a board to operate retail stores.

Evaluation findings suggest the North Carolina General Assembly should modernize the current ABC system by defining the mission of local boards, providing the ABC Commission with management tools for better oversight of local boards, modifying outdated statutes for ABC store elections and purchase-transportation permits, and considering whether other ABC systems identified in this evaluation are appropriate for North Carolina.

Scope

The North Carolina General Assembly's Joint Legislative Program Evaluation Oversight Committee directed¹ the Program Evaluation Division to evaluate the effectiveness of the Alcohol Beverage Control (ABC) system and identify improvement options for the system. This study focused on the operation of local ABC boards, reviewed ABC systems used by other states, and identified options for improving the effectiveness and efficiency of North Carolina's ABC system.²

The Program Evaluation Division collected and analyzed data from several sources, including

- a survey of the 158 local ABC boards;
- on-site inspections of 54 ABC stores;
- current and past North Carolina ABC laws and rules;
- interviews with
 - North Carolina ABC Commission members,
 - North Carolina ABC Commission staff,
 - management of the state ABC warehouse,
 - liquor brokers conducting business in the state,
 - representatives of the North Carolina Association of ABC Boards, and
 - staff and board members at 31 local ABC boards;
- fiscal and operational data for local ABC boards from the North Carolina ABC Commission; and
- data on other states and national systems and trends, including
 - interviews with private liquor store chains in South Carolina and Florida;
 - evaluations and studies of ABC systems conducted in other states and Canada;
 - *The North Carolina Atlas* and *The North Carolina Atlas Revisited* website;
 - The National ABC Association;
 - The Distilled Spirits Council of the United States; and
 - *Adams Fact Book 2007: Beverage Alcohol State Facts and Regulation*.

Background

History of Alcohol Beverage Control in North Carolina

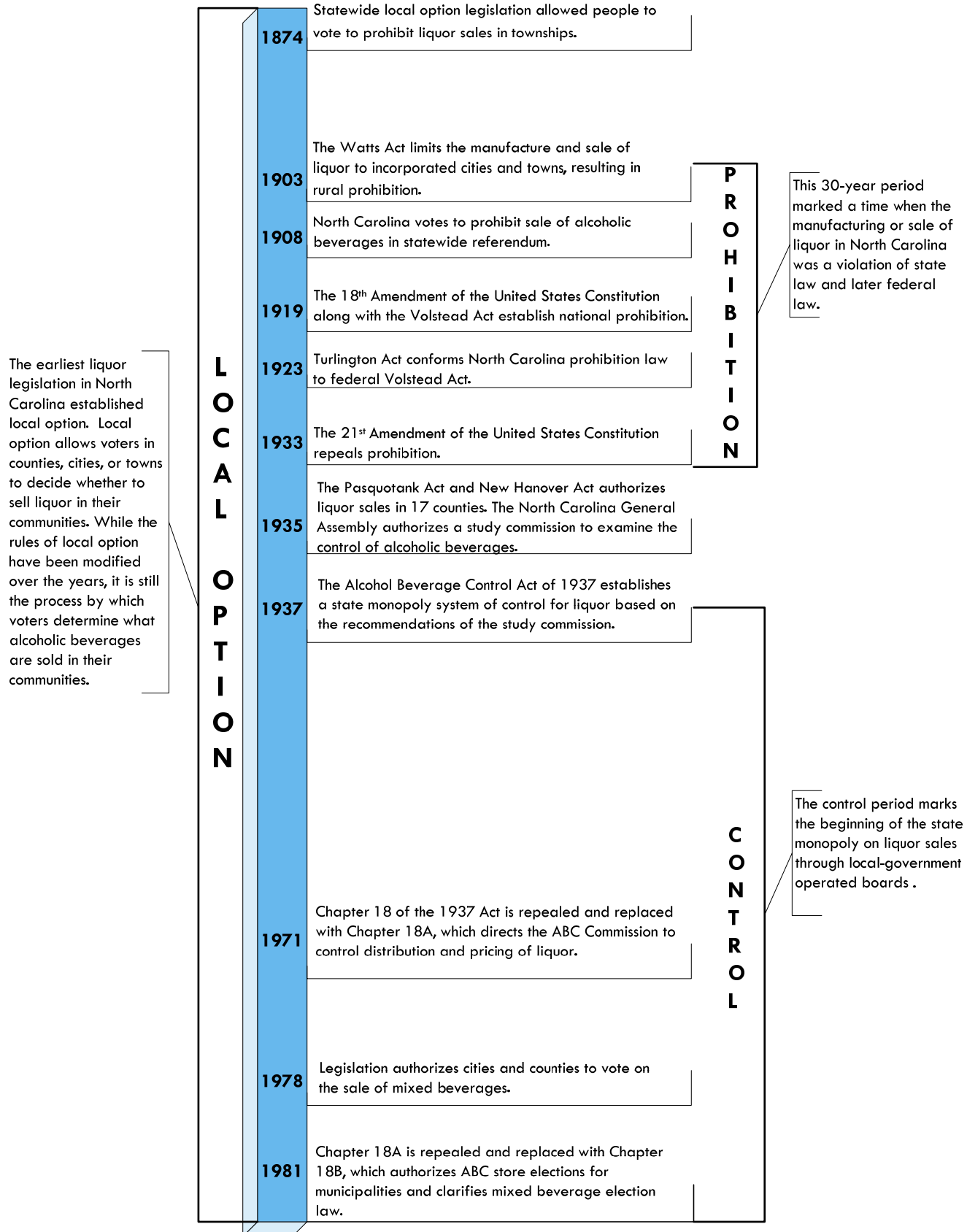
North Carolina's current system of local Alcohol Beverage Control (ABC) boards reflects a history that dates back to at least 1874 (see Exhibit 1). Three major themes emerge from a historical review of legislation:

- *Local option* allows voters in counties, cities, or towns to decide whether liquor should be available for sale in their communities;
- *Prohibition* made it unlawful to manufacture or sell liquor; and
- *Control* empowers local government operated boards to control the sale of liquor.

¹ The Joint Legislative Program Evaluation Oversight Committee establishes the Program Evaluation Division's work plan in accordance with N.C. Gen. Stat. § 120-36.13.

² The North Carolina ABC system is overseen by the North Carolina ABC Commission, which is responsible for a range of activities related to the control and sale of alcohol. The following activities of the ABC Commission were not included in the project scope: regulation of the beer and wine industries, commercial and retail permitting, alcohol education, and alcohol law enforcement.

Exhibit 1: History of Alcohol Beverage Control in North Carolina



Source: Program Evaluation Division based on North Carolina Session Laws and other historical documents.

As shown, North Carolina's ABC system has seen few changes since its initial authorization in 1937. Legislation has created a state monopoly for the sale of liquor.

The North Carolina ABC System Today

The North Carolina ABC Commission oversees the sale of liquor in North Carolina. The ABC Commission has three members appointed by the Governor, with one commissioner serving as chairman in a full-time capacity and two other members serving on a per diem basis as required. The chairman controls all matters relating to the ABC Commission's responsibilities and personnel functions. The administrator, who is appointed by the ABC Commission, works at its direction and oversees day-to-day operations. The ABC Commission meets at least one a month.

In addition to oversight of local boards, the ABC Commission is responsible for issuing and controlling permits for the consumption and sale of beer, wine, and mixed beverages. The powers and duties of the ABC Commission related to the oversight and operation of local boards are as follows:

- administering ABC laws;
- setting prices for alcoholic beverages sold in ABC stores;
- requiring reports and audits from boards;
- determining what brands of alcoholic beverages may be sold by stores;
- contracting for state ABC warehousing operations;
- disposing of damaged alcoholic beverages;
- removing for cause any member or employee of a board;
- supervising purchasing by a board;
- approving rules adopted by any board;
- authorizing the opening and location of ABC stores;
- fixing bailment charges and surcharges³ assessed on liquor shipped from the ABC Commission warehouse; and
- collecting bailment charges and surcharges from boards.

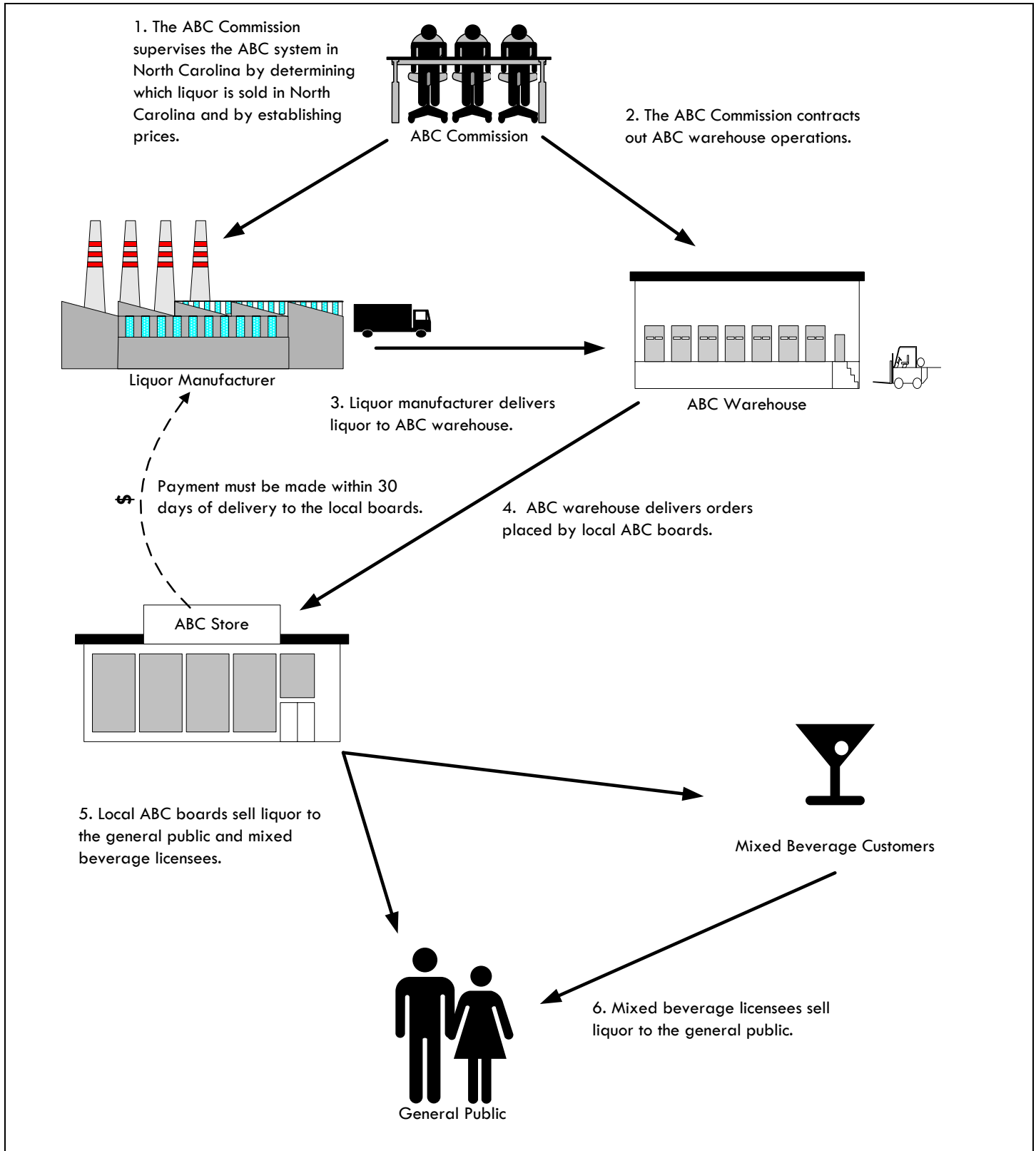
The ABC Commission receives no general fund appropriations. Its budget is funded solely from a bailment surcharge that is added to the cost of liquor sold to ABC stores.

The North Carolina ABC Commission owns a central liquor warehouse in Raleigh and contracts with a private company to conduct warehouse operations. The warehouse contractor's responsibilities include receipt, storage, and distribution of liquor to local boards. All liquor sold in North Carolina must first come through the state ABC warehouse. Payment for the warehouse contract comes from a bailment system in which ownership of liquor remains with the distillery until it is delivered to the local boards. This bailment surcharge is added to the cost of liquor sold to ABC stores and pays for the warehousing and transporting of liquor.

The diagram in Exhibit 2 summarizes how the liquor distribution system works in North Carolina.

³ Bailment charges and surcharges are imposed on each case of liquor shipped from the ABC warehouse.

Exhibit 2: North Carolina Alcohol Beverage Control Distribution System



Source: Program Evaluation Division based on ABC Commission information.

Local ABC boards are the only legal entities authorized to sell liquor within North Carolina. State law prohibits private business from selling packaged liquor. Boards are formed by counties and municipalities based on election procedures prescribed by statute; therefore, boards are local, independent political subdivisions of North Carolina. Municipal boards can be formed when they are located in a county that does not vote to operate ABC stores. Local boards operate as separate entities with their own policies and procedures but must adhere to guidelines set by state law and ABC Commission rules. Each local board has a chairman and two to four board members appointed by the county, city, or town governing body.⁴ The appointing authority for each board determines the length and number of terms for board members and determines whether board members receive payment for services rendered.

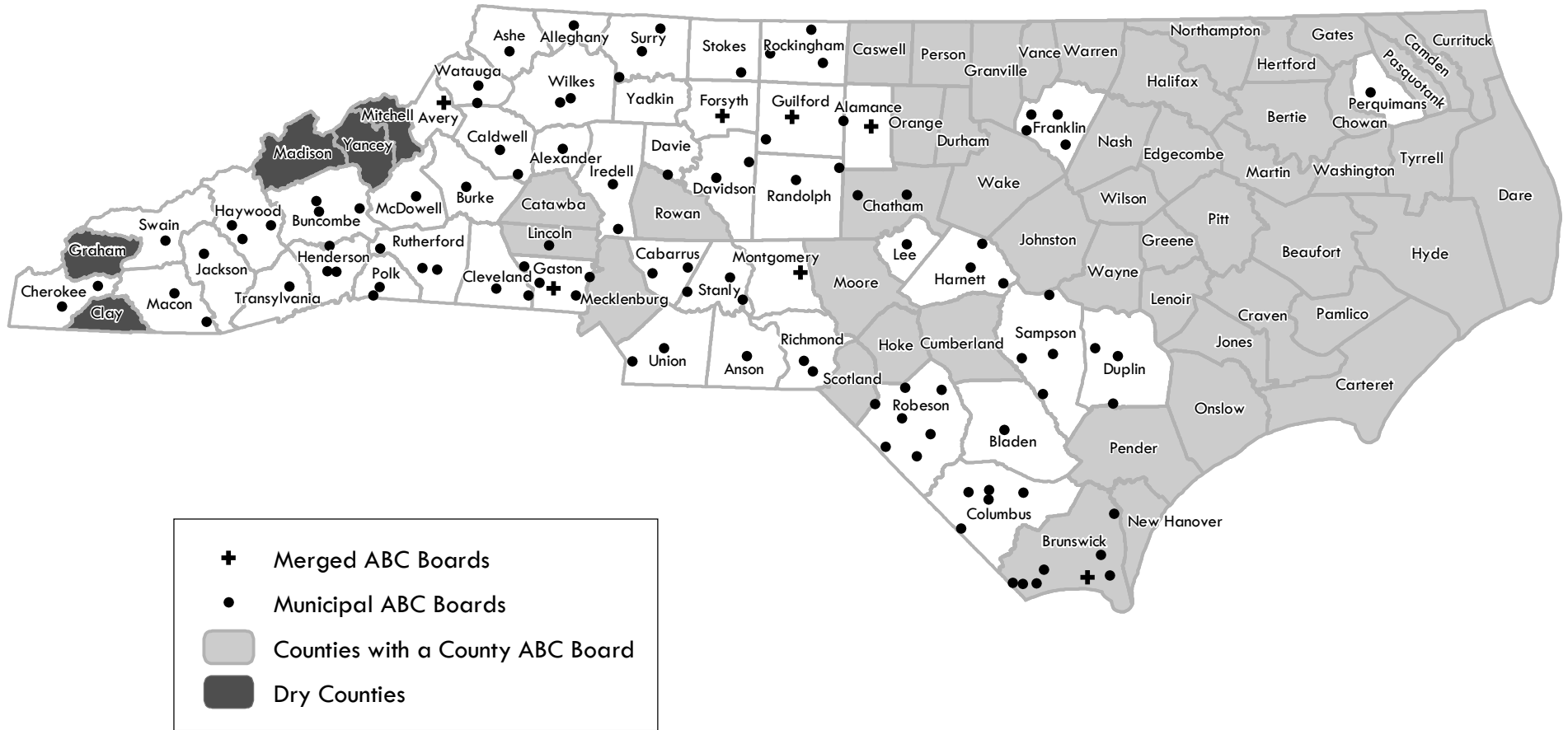
Local boards oversee the local system of ABC stores. Systems are composed of between 1 and 23 stores. The powers and duties of local boards are as follows:

- buying, selling, transporting, and possessing alcoholic beverages for the operation of its ABC stores;
- adopting rules for the ABC system, subject to approval by the ABC Commission;
- hiring and firing employees for the ABC system;
- designating one employee as manager of the ABC system and determining manager responsibilities;
- requiring employee bonds;
- operating ABC stores;
- issuing transportation permits;
- employing ABC law enforcement officers or making other arrangements for enforcement of ABC laws;
- borrowing money;
- buying and leasing real and personal property and receiving property bequeathed or given, as necessary for the operation of the ABC system;
- investing surplus funds;
- disposing of property in the same manner prescribed for cities and counties; and
- performing any other activity authorized or required by the ABC laws.

There are currently 158 local boards in North Carolina (see Exhibit 3).

⁴ Some merged boards, such as the Triad Municipal ABC Board and the Alamance Municipal ABC Board, have more than four members.

Exhibit 3: North Carolina Local ABC Boards



Source: Program Evaluation Division and Information Systems Division based on information from the North Carolina ABC Commission.

Local boards operate the retail stores for North Carolina's ABC system.

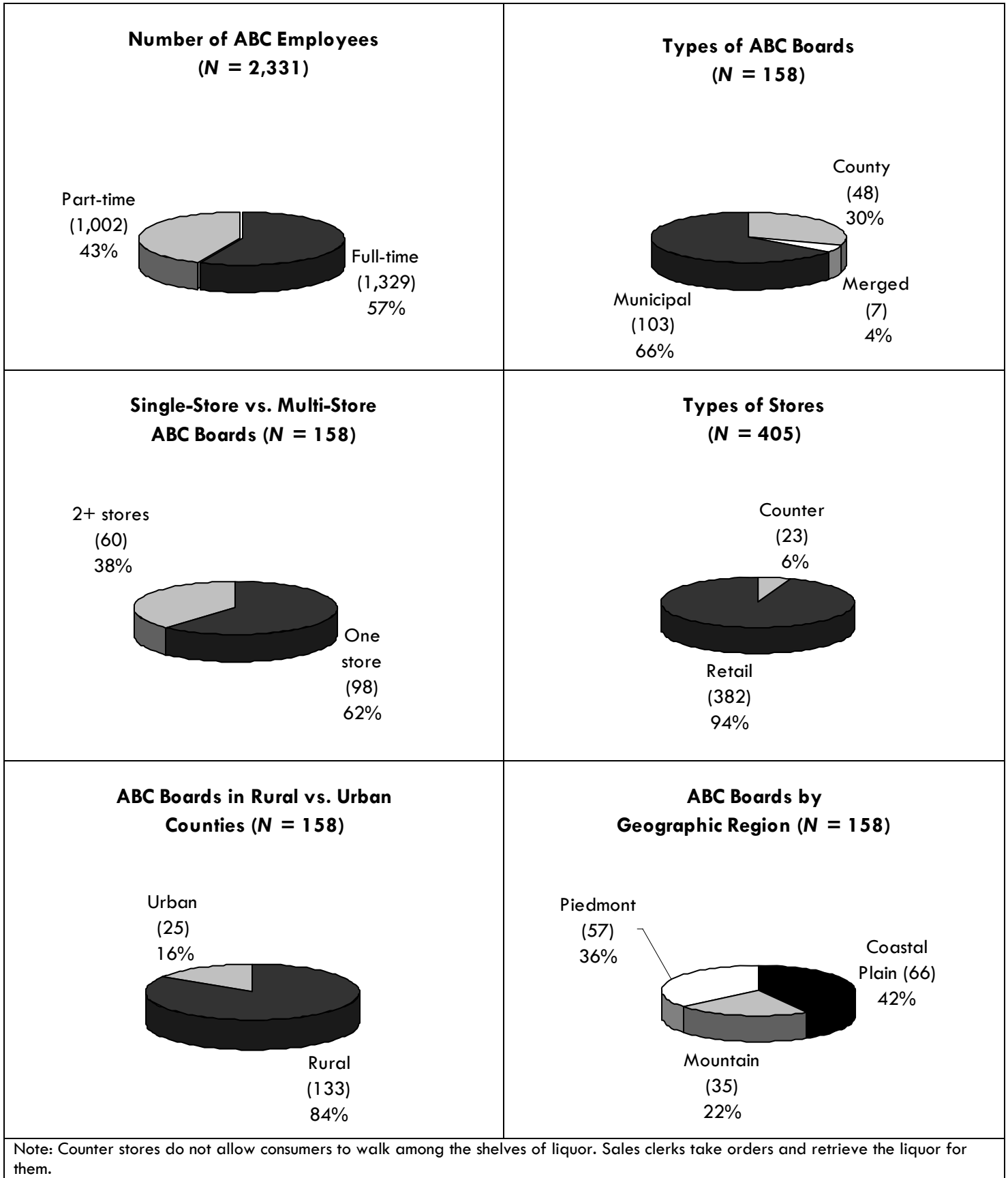
Each board has the legal authority to operate one ABC store that sells liquor within its jurisdiction. Additional stores may be operated with the approval of the ABC Commission. In addition to retail liquor sales to the general public, some local boards are authorized through the local option process to supply liquor to mixed beverage businesses, such as restaurants and bars. The board designates the title of its operations manager as manager, supervisor, or administrator. In single-store systems, the store manager also manages the system. In multi-store systems, the system manager oversees the operation of all stores and supervises individual store managers and employees. The system manager reports to the board and is responsible for the day-to-day operations of the store(s).

The 158 local boards operate 405 ABC stores across North Carolina. Based on a survey of board managers conducted by the Program Evaluation Division, ABC stores together comprise an estimated 780,973 square feet of retail space.⁵ See Exhibit 4 for other information about local boards. In Fiscal Year 2006-07, stores sold 52.7 million bottles of liquor including 9.5 million miniature (50 ml) bottles. The boards employ a total of 2,331 full-time and part-time employees. A map displaying the location of ABC stores is shown in Exhibit 5.

See the appendixes for comprehensive information about each of the 158 local boards.

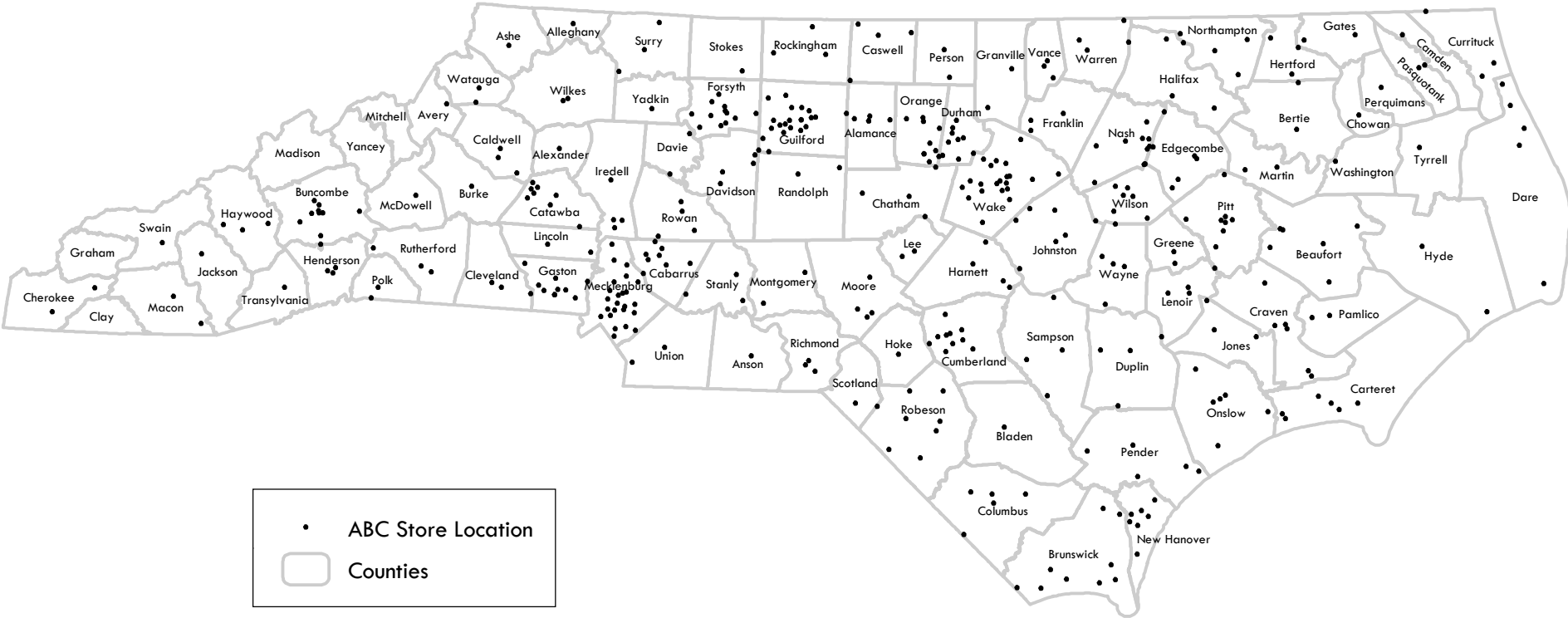
⁵ The estimate does not include data from the 23 counter stores.

Exhibit 4: Statistical Profile of Local ABC Boards



Source: Program Evaluation Division based on ABC Commission data and a survey of local ABC boards.

Exhibit 5: North Carolina ABC Stores



Source: Program Evaluation Division and Information Systems Division based on information from the North Carolina ABC Commission.

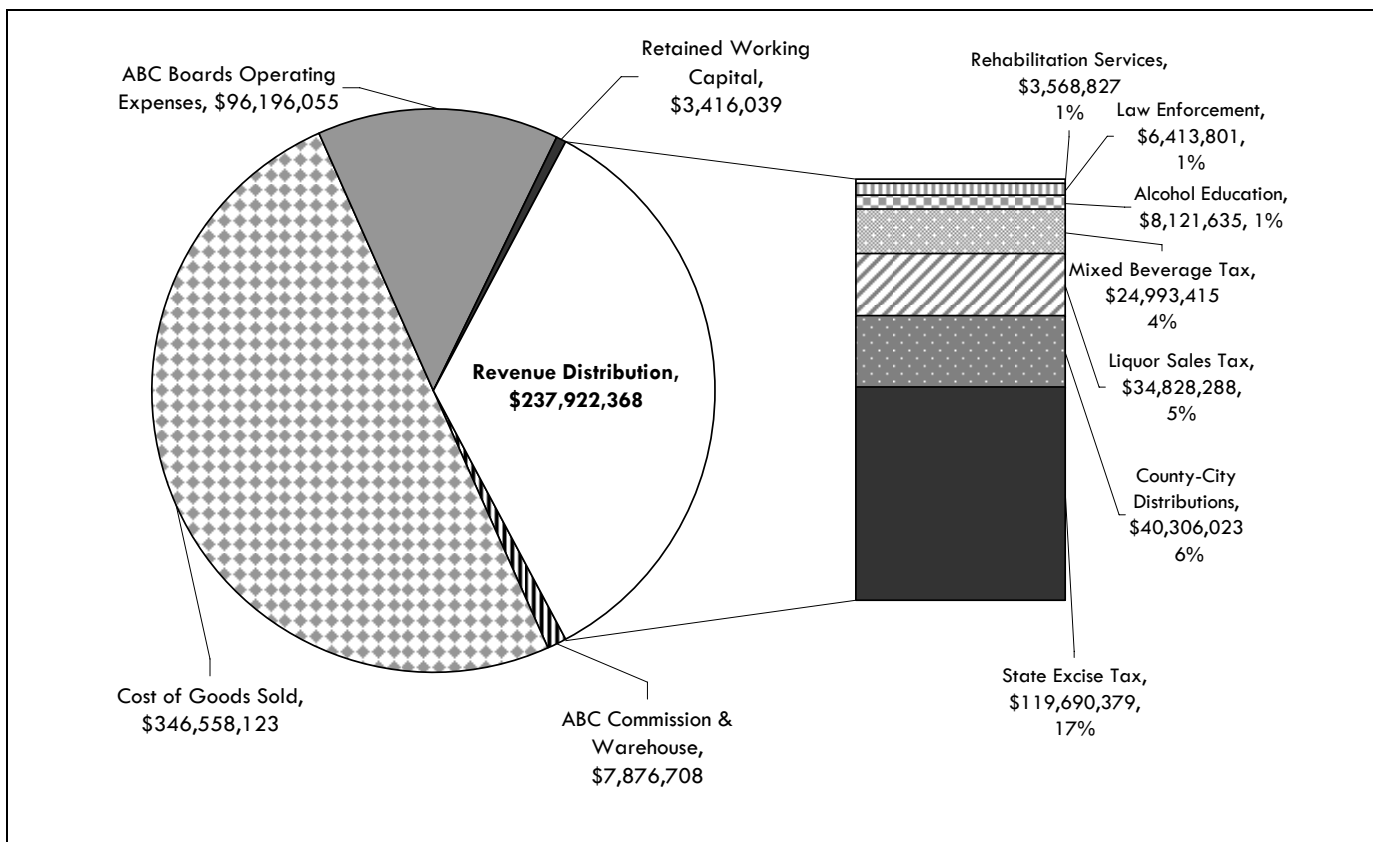
North Carolina's liquor monopoly plays an important role in the state's economy. Total revenue from liquor sales was \$692 million in Fiscal Year 2006-07, with 78.3% of the sales from the general public and 21.7% of the sales from retail businesses selling mixed beverages.

North Carolina's ABC system receives no state appropriations because revenues from the sale of liquor pay for its operation. These revenues cover operating and capital expenses for the ABC Commission, the ABC warehouse contract, and local boards and their ABC stores. State appropriations are not used to purchase liquor sold in ABC stores because local boards pay distributors directly for the liquor using income from receipts.

State excise, sales, and mixed beverage taxes from the sale of liquor are deposited in the general fund to support the operation of state government—\$167.7 million in the 2006-07 fiscal year. Additional charges and profits from the sale of liquor pay for law enforcement, alcohol education, and rehabilitation services provided by counties and the Department of Health and Human Services. Services provided by city and county government also are supported by profits from liquor sales, thereby reducing the need to raise property taxes or request financial assistance from North Carolina state government.

Exhibit 6 summarizes the distribution of revenue to state and local governments from the sale of liquor.

Exhibit 6: Distribution of \$692 Million Revenue from the ABC System for Fiscal Year 2006-07



Source: Program Evaluation Division based on ABC Commission data.

Findings

Four central findings emerged from this evaluation. First, North Carolina's Alcohol Beverage Control (ABC) system has not kept pace with demographic and economic change in the state. Second, state statutes limit the ABC Commission's ability to manage the ABC system effectively and efficiently. Third, North Carolina has not clearly defined the mission of ABC boards. Finally, North Carolina's system for regulating the sale of liquor is different from those of other states.

Finding 1. North Carolina's Alcohol Beverage Control system has not kept pace with demographic and economic changes in the state.

Even though liquor stores are owned and operated by local government entities in North Carolina, they are nonetheless a retail business. As a business, success or failure is determined by profitability. A profitable ABC board provides revenue for the community, just as a profitable private business generates income for owners and shareholders.

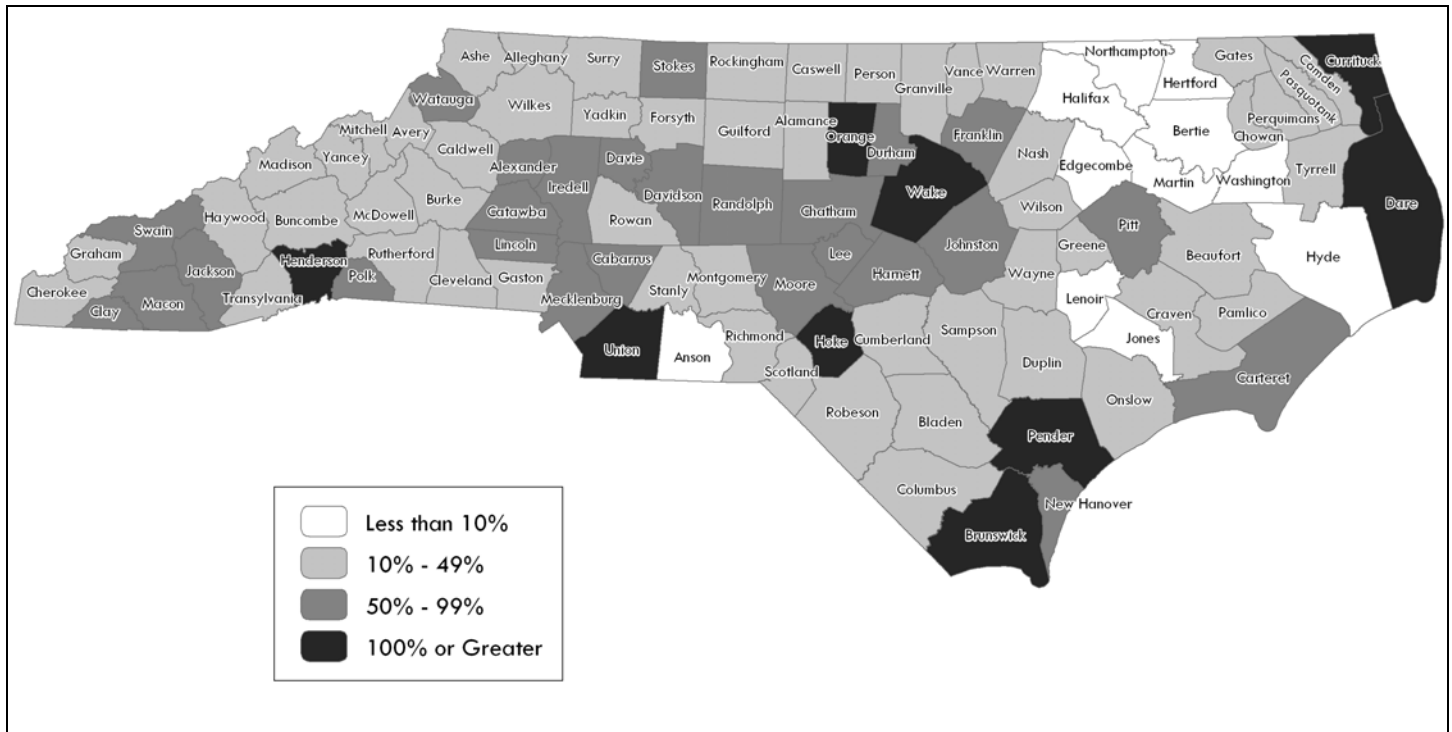
Population shifts within the state affect board profitability. Population growth and development in North Carolina used to be defined by dispersed urbanism: state residents lived and worked in hundreds of small towns and villages around mills and factories. However, the population growth pattern for North Carolina shifted in the 1970s. Most economic and population growth occurred in urban areas as the state's economy shifted from agriculture and manufacturing to services, including tourism. The map in Exhibit 7 depicts North Carolina's population growth from 1970 through 2000 as it moved away from rural areas and became concentrated around urban centers, surrounding counties, and tourist areas.

Population shifts also affect the shopping patterns of North Carolinians. During the dispersed urbanism period of North Carolina's economic development, people typically shopped where they lived. With increased mobility and commuting distances, more people prefer shopping in areas with large concentrations of stores because they offer greater opportunities for comparison and multi-purpose shopping as well as more competitive pricing.

The concentration of retail operations and the resulting increase in sales revenue in some areas is represented in Exhibit 8. These data, compiled by researchers at The University of North Carolina at Charlotte, demonstrate the losses—or "leakage"—in counties that have lost retail business and the corresponding gains—or "surplus"—in counties with retail growth.⁶ In sum, there is no longer an equal distribution of retail opportunities across counties in North Carolina.

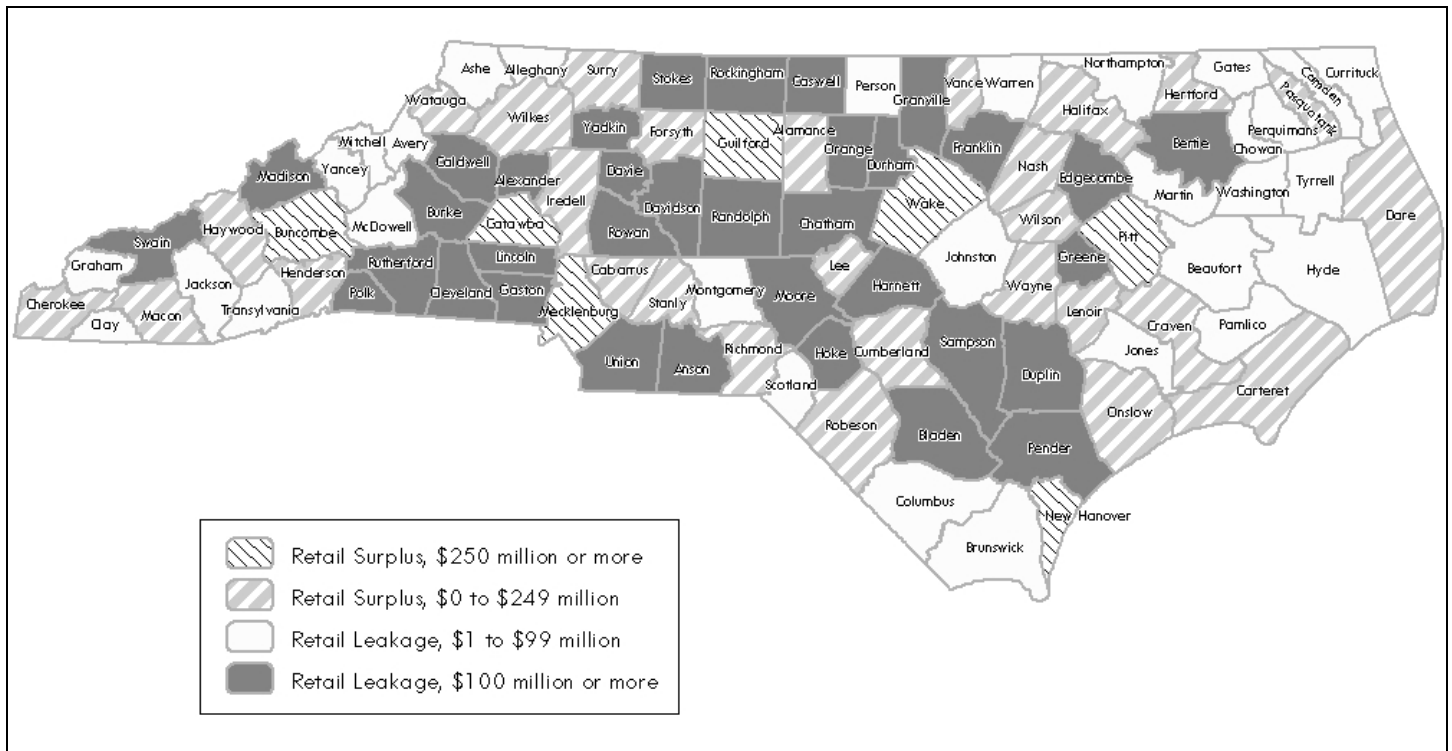
⁶ The Department of Geography and Earth Science at The University of North Carolina at Charlotte calculated a statewide proportion of surplus or leaked sales in 2002 by assuming residents spent 55.5 % of their total disposable personal income in retail stores. The statewide proportion was applied to a county's total disposable personal income to estimate potential retail sales. This figure was compared to actual sales reported for each county. Total sales exceeding potential sales were recorded as a surplus, and potential sales exceeding total sales were recorded as a deficit or leakage. The Department of Geography and Earth Sciences, The University of North Carolina at Charlotte. *The North Carolina Atlas Revisited*. Retrieved September 1, 2008, from <http://www.ncatlasrevisited.org/homefrm.html>.

Exhibit 7: Changes in North Carolina's Total Population, 1970-2000



Source: Program Evaluation Division based on the United States Bureau of the Census.

Exhibit 8: Retail Surpluses and Leakages, 2000-2004



Source: Program Evaluation Division based on data from the Department of Geography and Earth Sciences, The University of North Carolina Retrieved September 1, 2008, from www.ncatlasrevisited.org.

Data from the ABC Commission indicate some local boards are struggling to make a profit while other boards are very profitable. Population shifts and changing shopping patterns help explain why board profitability varies.

- **Boards located in rural counties with declining or stagnant population growth are more likely to experience limited or no profits.** For example, the Northampton County ABC Board is located in a very rural area in northeastern North Carolina. This board struggles to make a profit with four counter ABC stores serving a population of 21,000 people.⁷ During site visits to these stores, the Program Evaluation Division noticed Northampton stores had a more limited liquor selection than a Halifax County ABC store. The Halifax County store was located very close to the Northampton County line, off an exit of I-95, and was close to a large concentration of retail businesses. Exhibit 8 shows Northampton County with retail leakage while Halifax County has retail surplus. Residents of Northampton County are apparently shopping where they have more choices and a better selection of consumer goods, including liquor. The Washington County and Bertie County ABC Boards are other examples of sales affected by declining populations. Both boards closed a store during the past two years in response to declining revenues and reduced demand for liquor.
- **Boards in urban counties are more likely to exceed a 10% profit margin than boards in mixed or rural counties.** Examples of profitable urban boards include Wake County, Mecklenburg County, Greensboro Municipal, Asheville Municipal, and New Hanover County. These boards are building new stores, remodeling old stores, and increasing their selection of liquor to meet the demands of a growing population. They also are engaging in strategic planning to determine the future direction of their ABC systems and to decide how to meet growth in demand.
- **Boards in tourist areas are more likely to have profit margins exceeding 10%.** For example, High Country ABC Board, located in a ski resort area in the mountains, is adding a second floor to its store because more room is needed to meet demand for more expensive liquor brands. The Dare County ABC Board opened a large new store in Kitty Hawk because of increased demand from tourists and mixed-beverage customers.

These examples demonstrate the influence of shifting retail patterns on board profitability.

Another factor affecting profitability is store proximity, and the low threshold for holding an ABC store election is causing a proliferation of local boards in dry counties.⁸ The ABC statutes (N.C. Gen. Stat. Chapter 18B) allow cities and towns to hold an ABC store election if the city has at least 500 registered voters and the city is located in a county that does not operate ABC stores. The 500 registered voter limit is based on the

⁷ Counter stores do not allow consumers to walk among the shelves of liquor. Sales clerks take orders and retrieve the liquor for them.

⁸ A county is considered "dry" if the county or any municipalities in it have not voted to allow the sale of any alcoholic beverages.

dispersed urbanism pattern that once dominated North Carolina geography. The low threshold was intended to offer small communities access to an ABC store; instead, the low threshold encourages too many boards and ABC stores in dry counties.

Smaller communities meeting the 500 registered voter threshold do not have a large enough population to sustain an ABC store within their own community. As a result, these communities must attract consumers from other areas to increase liquor sales to a sustainable level.

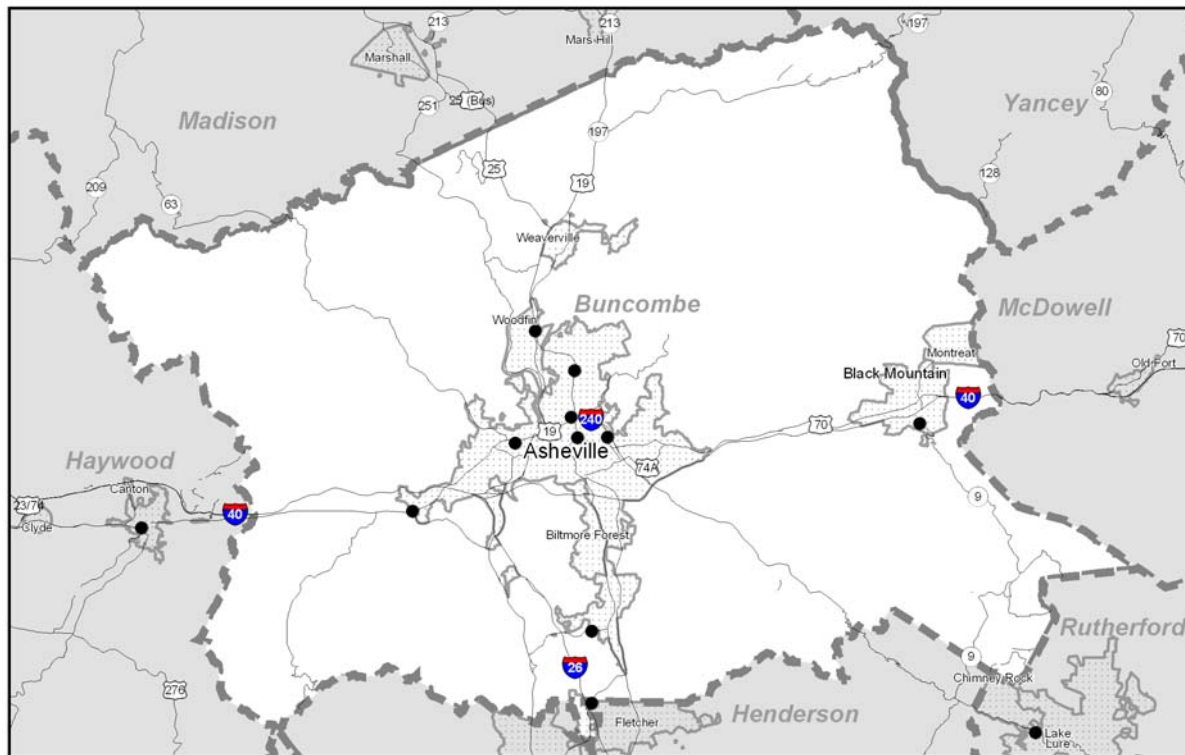
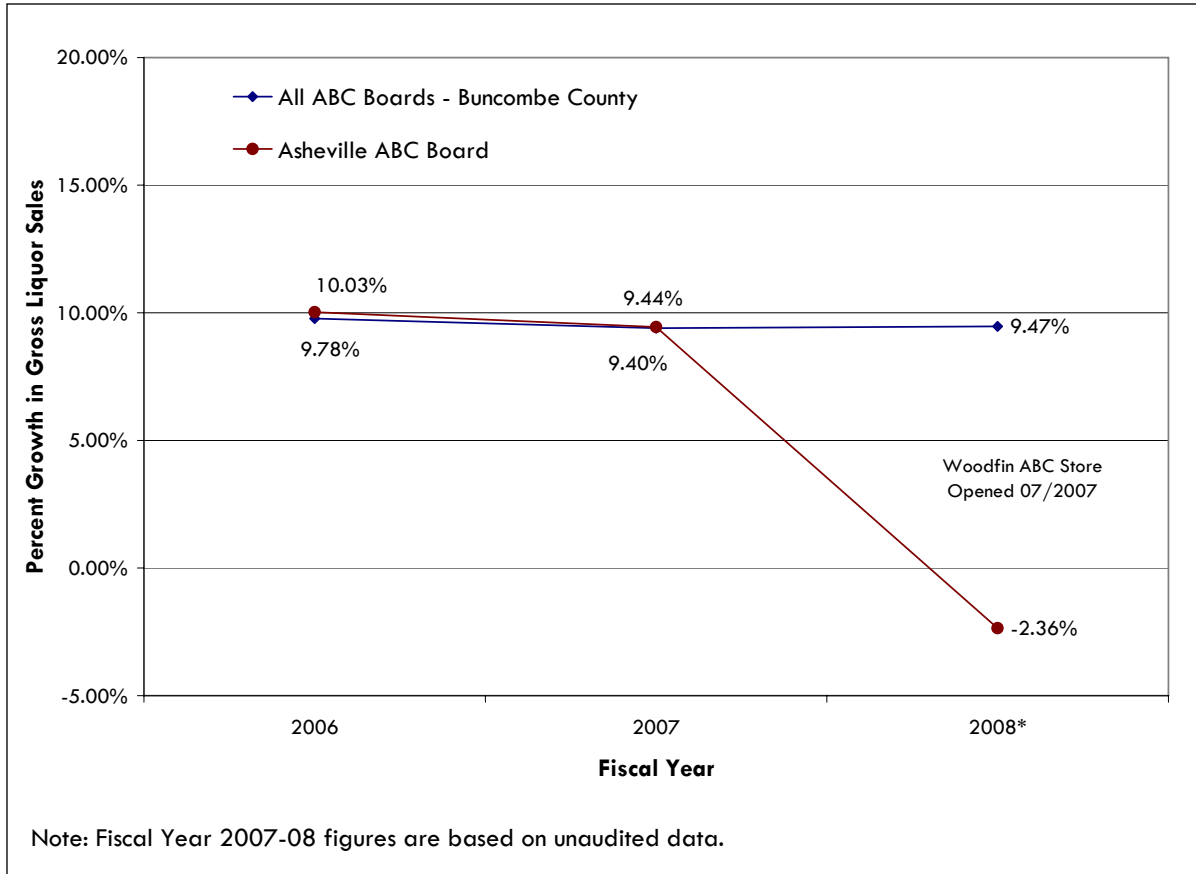
The experience of boards in Buncombe County demonstrates the financial impact of a new board opening an ABC store on existing local boards. Buncombe County had two boards—Asheville Municipal and Black Mountain Municipal—through Fiscal Year 2006-07. The town of Woodfin (population 4,819) in Buncombe County voted to open an ABC store in 2006. The Asheville Municipal Board suggested Woodfin merge with them, but the town of Woodfin refused the merger offer⁹ and opened an ABC store in July 2007 in close proximity to the nearest Asheville store (see map, Exhibit 9). The line graph in Exhibit 9 shows the Woodfin ABC Board has reduced liquor sales for the Asheville ABC Board rather than generating new sales. In Fiscal Year 2007-08, preliminary data indicate Buncombe County's gross liquor sales grew 9.5%, but gross sales for Asheville declined 2.4%. The town of Weaverville (population 2,571) also voted for an ABC store in 2007 and has recently appointed a local board with the intention of opening an ABC store. When Weaverville opens a store, liquor sales in Buncombe County will be divided between four communities rather than the current three.

Gaston County experienced similar issues when several communities opened ABC stores after voting for them. Before 2003, Gaston County had three local boards; since then, four other towns in Gaston County have held ABC store elections. Two towns established boards and opened ABC stores, while another town chose to merge with the Gastonia Municipal ABC Board which now operates a store for them. The fourth town has not established a local board or opened an ABC store at this time. Gaston County now has five local boards with nine stores. The new stores have reduced liquor sales at stores operated by the three original boards, with the Gastonia Municipal ABC Board taking the biggest loss.

Attitudes about access to liquor are changing in North Carolina. When the ABC system was established in 1937, the law allowed people to buy liquor at an ABC store and drink in their private residences. Over time, attitudes changed and people wanted access to liquor at social gatherings such as private clubs and restaurants. The North Carolina General Assembly responded to changing attitudes by enacting the Brown-Bagging Act in 1967, which allowed people to carry and consume liquor in social establishments. Then, in 1978, the General Assembly authorized cities and counties with ABC stores to vote on the sale of liquor to restaurants and bars that serve mixed beverages.

⁹ After publication of this report, the Woodfin Town Manager refuted this account, stating that the town could not have refused because the Asheville ABC Board never contacted them to discuss a possible merger. The Asheville ABC Board subsequently affirmed the original account, stating that their phone calls to the Town of Woodfin to discuss a merger were never returned.

Exhibit 9: Impact of Store Proximity in Buncombe County



Source: Program Evaluation Division based on ABC Commission data.

The ABC statutes requiring cities or towns to operate an ABC store or hold an ABC store election at the same time as the mixed-beverage election is outdated. Mixed-beverage sales have become an important source of revenue for local boards and their communities. Mixed-beverage businesses pay more for liquor than retail customers because they must pay a surcharge of twenty dollars (\$20.00) per four liters or \$3.75 per 750 ml bottle of liquor purchased.⁹ In Fiscal Year 2006-07, local boards sold \$141 million of liquor to mixed-beverage businesses.

According to several boards interviewed during site visits conducted for this evaluation, access to mixed beverages is considered an enhancement that encourages economic development and provides revenue for the community. The promise of increased revenue often prompts cities and towns to hold mixed-beverage elections. The ABC statutes require cities or towns to operate an ABC store or hold an ABC store election at the same time as the mixed-beverage election. The original intent of the ABC store requirement was to ensure mixed-beverage businesses had access to an ABC store to buy liquor. Because 95 counties have at least one ABC store and the remaining five counties are dry, the argument that an ABC store is needed to support mixed-beverage sales in a community is no longer valid.

Since 2000, five communities have held an election for an ABC store in order to have mixed-beverage sales. These communities never intended to open an ABC store, but they did want their residents to have access to mixed beverages. According to statute, these communities can open an ABC store in the future because voters approved an ABC store. Four of these communities are located in dry counties with multiple boards. Based on the experiences of existing boards in Buncombe and Gaston counties, establishing additional boards in counties with multiple boards will negatively affect the revenues of existing boards.

Purchase-transportation permits are a holdover from concerns about bootlegging and do not reflect the changed attitudes about access to alcoholic beverages. The purchase-transportation permit requirement was a provision of the 1937 Act establishing North Carolina's ABC system. Because bootlegging of alcoholic beverages was a pervasive problem during Prohibition, the purchase-transportation permit was intended to deter bootlegging by controlling the amount of alcohol that could be bought and transported. ABC statutes limit the amount of liquor that may be purchased without a transportation permit to 8 liters or 10 bottles (750 ml). Purchase-transportation permits are issued by ABC stores, usually by the manager or assistant manager of the ABC store.

The Program Evaluation Division asked local boards how the ABC system could be improved. Some mentioned eliminating the purchase-transportation permit requirement, reporting bootlegging is no longer a problem because most communities have access to legal liquor, and permits pose an administrative hassle for store employees. Others said customers complain about the limit and reduce their purchases to avoid permit requirements. Finally, boards suggested alcohol law enforcement officers rarely review the transportation permit records. Permits are considered outdated and are not enforced.

⁹ The distribution of the surcharged revenue is defined in statute; the board retains 45% and the state receives the remainder.

Finding 2. Existing statutes limit the ability of the North Carolina Alcohol Beverage Control Commission to effectively and efficiently manage the ABC system.

ABC statutes do not allow the North Carolina ABC Commission to enforce minimum standards for operation and profitability, nor can the ABC Commission effectively assist boards in making changes to improve operations. The limited authority of the North Carolina ABC Commission originates with the 1935 laws creating independent county control boards in specific counties and the 1937 recommendations of the study commission created to examine the control of alcoholic beverages. The study commission recommended state supervision of a system to regulate alcoholic beverages but determined the main concern of the state should be administration of the law, leaving enforcement to counties. When describing how state supervision should be applied, the study commission report stated, “[I]n any system there should be a measure of state supervision. This should not be carried to an extent which would either destroy county autonomy or which would cause a relaxation of the desire on the part of the counties to see control law enforced.”

Casting the ABC Commission as a passive supervisor of the ABC system is outdated. Selling liquor in North Carolina is a \$692 million business enterprise, and a business of this size needs active management. For example, the ABC Commission collects financial information from all local boards but does not have the power to use the information to mandate changes in board operation to improve performance.

Profitability is the standard used by retail businesses to determine success or failure, and this evaluation uses profitability data from the ABC Commission as a performance measure to determine the success of local boards. Some boards are barely profitable, whereas others return significant revenue to their communities. Exhibit 10 shows the profit levels of all boards in operation during Fiscal Year 2006-07. Based on profit margins calculated by the ABC Commission, local boards are divided into three profitability levels:

- profits less than 5.0%,¹⁰
- profits between 5.0% and 9.9%, and
- profits of 10% or more.

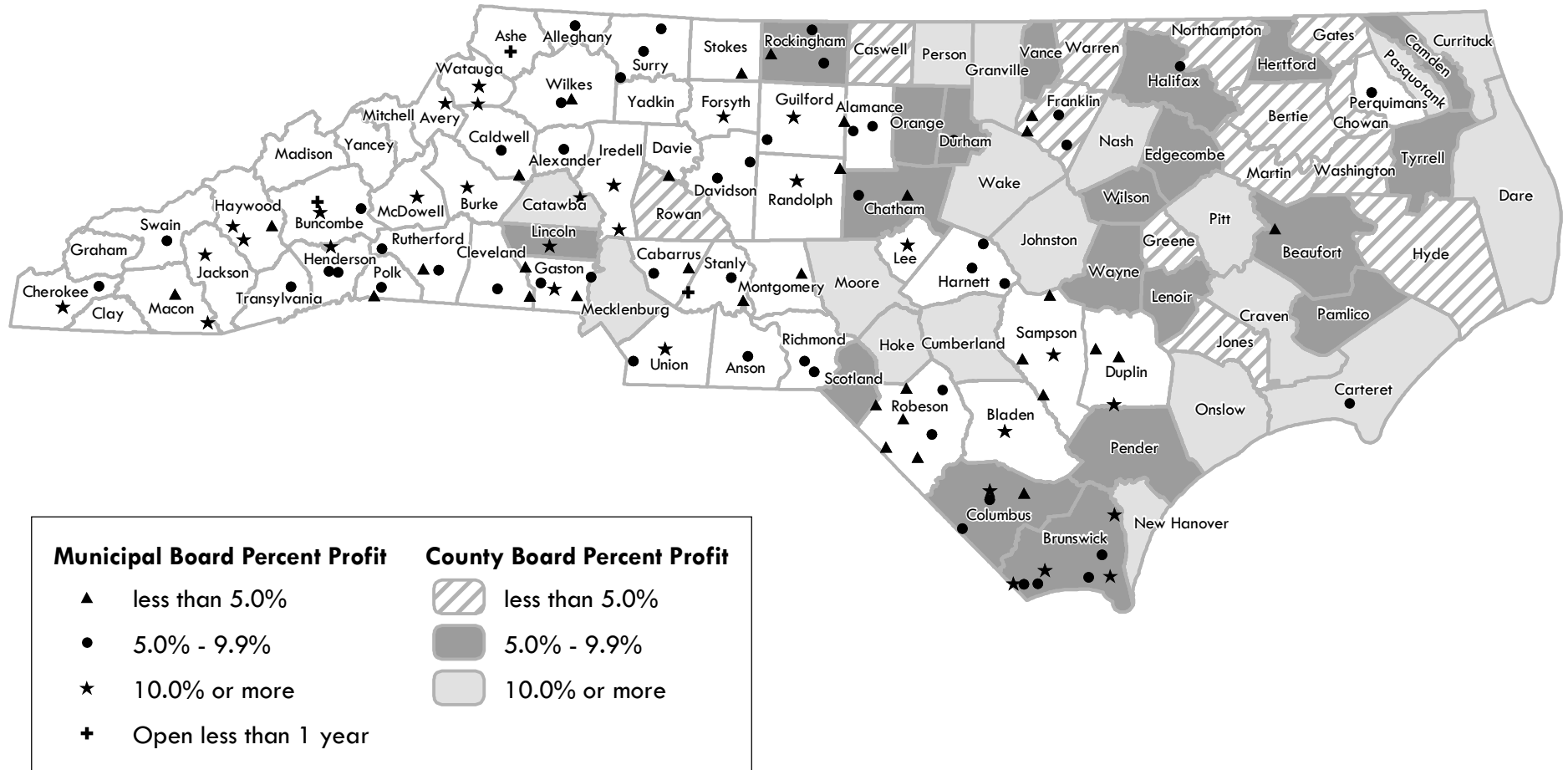
Exhibit 10 also shows whether the board is a county system, a municipal system, or a merged system and identifies the five dry counties.

Controlling operating costs is an important component of local ABC board profitability. The Program Evaluation Division calculated the operating margins for each local board in operation during Fiscal Year 2006-07 by dividing total sales revenue by total operating expenses. There is a wide range in operating margins for local boards. Wake County ABC Board was most efficient with an operating margin of 8.58%, and Hyde County was least efficient with an operating margin of 25.76%.¹¹

¹⁰ There were county and municipal ABC boards that lost money during Fiscal Year 2006-07.

¹¹ The Cramerton ABC Board had the highest operating margin at 43.73% in Fiscal Year 2006-07, but it was not open a full year and its operating margin reflects start-up costs.

Exhibit 10: North Carolina Local ABC Board Profit Margins for Fiscal Year 2006-07



Source: Program Evaluation Division and Information Systems Division based on information from the North Carolina ABC Commission.

Boards with limited profitability also have the highest operating margins.

- Boards with profit margins less than 5.0% had an average operating margin of 23.7%.
- Boards with profit margins ranging from 5.0% to 9.9% had an average operating margin of 18.1%.
- Boards with profit margins of 10% or more had an average operating margin of 14.0%.

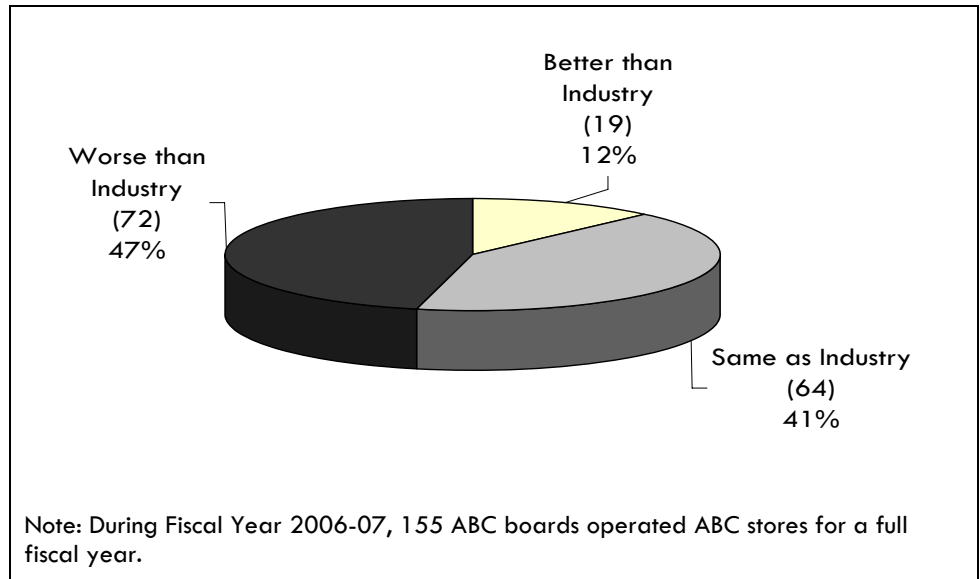
Based on these data, local boards with the lowest operating margins also are the most profitable because these boards are more efficient.

Some ABC boards have higher operating costs than expected when compared to private liquor retailers. The evaluation team compared business models of private liquor retailers to the operation of local boards by contacting two private liquor retailers in southern states—South Carolina (5 stores) and Florida (152 stores). The private liquor chains were unwilling to disclose their profit margins, but they reported operating margins ranging from 14% to 18%, with variance explained by store location.

Exhibit 11 shows 47% of the local boards have operating margins higher than the examples from private retail business (above 18%), while 12% of the boards actually have lower operating margins (below 14%). The other boards (41%) have operating margins falling within the range based on the examples from private retail businesses.

Exhibit 11

Almost Half of Local ABC Boards Operated Less Efficiently in Fiscal Year 2006-07 Than Private Liquor Stores in South Carolina and Florida



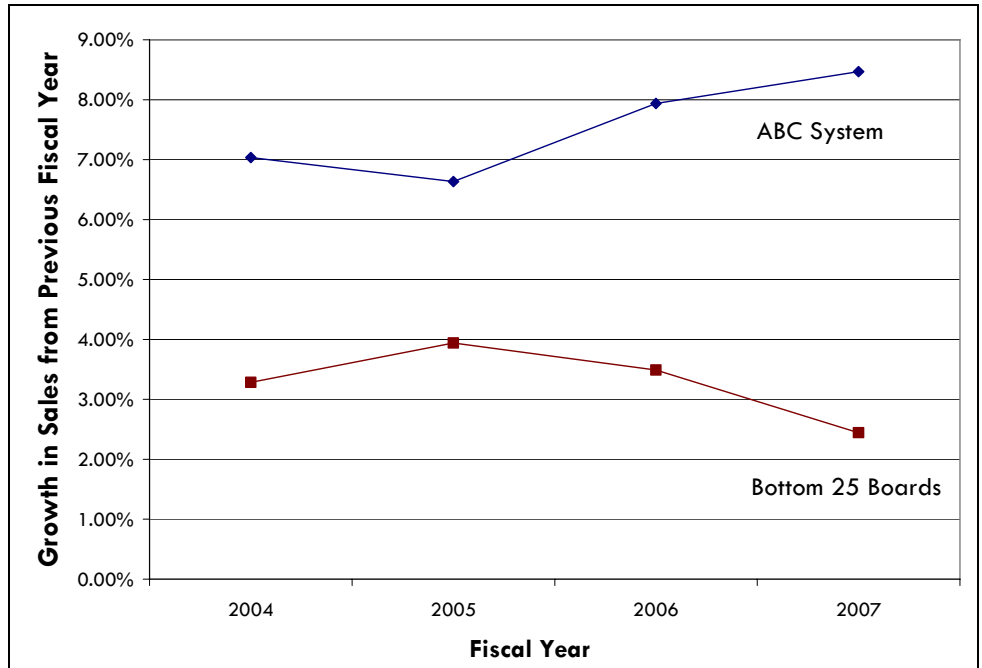
Source: Program Evaluation Division based on ABC Commission information.

The North Carolina ABC Commission enforces statutes and rules for local boards but does not have the authority to mandate changes that increase operating efficiency or profitability. The ABC Commission receives detailed financial and sales information from all boards but cannot use this information to establish performance standards for local boards or require boards to meet minimum standards. The ABC Commission issues an annual report describing financial performance of the state ABC system and each local board. While growth in liquor sales increases every year (along with growth in state population), annual reports show the same

local boards with limited or no profits each year. Exhibit 12 shows the annual growth rate in gross liquor sales for the state ABC system has increased during Fiscal Years 2005-06 and 2006-07, whereas growth for the 25 least profitable boards has declined during the same time period.

Exhibit 12

Compared to the Overall ABC System, Gross Sales of the 25 Least Profitable Boards Have Declined



Source: Program Evaluation Division based on ABC Commission data.

The ABC Commission encourages the least profitable boards to make changes to increase efficiency and profitability, but the ABC Commission cannot penalize a board if it does not improve its operations as long as the ABC store is operated in accordance with ABC law. N.C. Gen. Stat. § 18B-801(c)(2) authorizes the ABC Commission to order a local board to close an ABC store if the ABC Commission determines the store is not operated in accordance with ABC law. For example, the ABC Commission closed the Pembroke ABC Board store in October 2008 because the most recent audit revealed more than \$20,000 worth of liquor was missing. The Pembroke ABC store has been unprofitable for several years, and previous audits showed \$30,000 worth of inventory and \$19,000 were missing between Fiscal Years 2003-04 and 2006-07. The ABC Commission finally closed the store because it appeared the Pembroke ABC Board took no corrective actions when made aware of problems in previous audits. Without consequences for poor performance other than store closure, unprofitable boards remain unprofitable and very little revenue is distributed back to their communities, if any.

The ABC Commission has limited authority over new ABC board formation even if a new board will likely be inefficient. The ABC statutes prescribe the appointment and organization of ABC boards and their duties and responsibilities. The ABC Commission can provide information and assistance to a community forming a new board, but it has no authority to mandate operation and performance standards as long as the board follows the statutes. For example, the town of Asheboro in Randolph County has elected to have an ABC store and is in the process of setting up

a local board. The local board will determine where to locate the ABC store. As long as store location does not adversely affect the health, safety, or general welfare of the community and the citizens of the community are not against the location, the ABC Commission must approve the location.

The ABC Commission does not have the authority to effectively assist local boards to improve operations and profitability. For example, the ABC Commission encourages boards to improve store appearance and to convert counter stores to self-service retail stores. Some local boards, however, do not have the financial resources to invest in store improvements. The North Carolina Association of ABC Boards has provided small grants through its “Not So Extreme Makeover” Program to assist boards with improving store appearance, but funding is limited and the needs of some local boards are too great to be met by this program. During site visits, the evaluation team observed ABC stores needing major renovations to improve their appearance. In some cases, stores needed to relocate because shopping patterns had changed, and what was once a prime location had become a quiet back road without retail traffic. The boards operating these stores recognized the need for improvements, but they reported they did not have enough working capital to make improvements and they needed financial assistance. Because the ABC Commission does not have funding to provide financial assistance to boards, it is unlikely many of the unprofitable boards will improve their store appearance.

The ABC Commission cannot mandate board consolidations or mergers that might improve the ABC system. Board consolidation is a proven way to reduce operating costs and control store proliferation. According to ABC statutes, the ABC Commission can approve mergers, but it does not have the authority to compel consolidation to improve system efficiency. Currently, there are seven merged boards:

- Alamance Municipal,
- Gastonia Municipal,
- Greensboro Municipal,
- High Country,
- Montgomery-Municipal,
- Oak Island, and
- Triad Municipal.

Alamance Municipal and Montgomery-Municipal were established as merged boards when several communities in each county voted for an ABC store. The Oak Island ABC Board resulted from the merger of two towns with separate ABC stores—Long Beach and Yaupon Beach. The Gastonia, Greensboro, and Triad Municipal ABC Boards have merged new local boards into their existing operations. The High Country ABC Board was established when three existing boards chose to merge together.

Board mergers reduce operating margins and increase profitability. Financial data for the merged boards indicate consolidation offers increased profitability and operational efficiencies, as demonstrated by the experience of two boards.

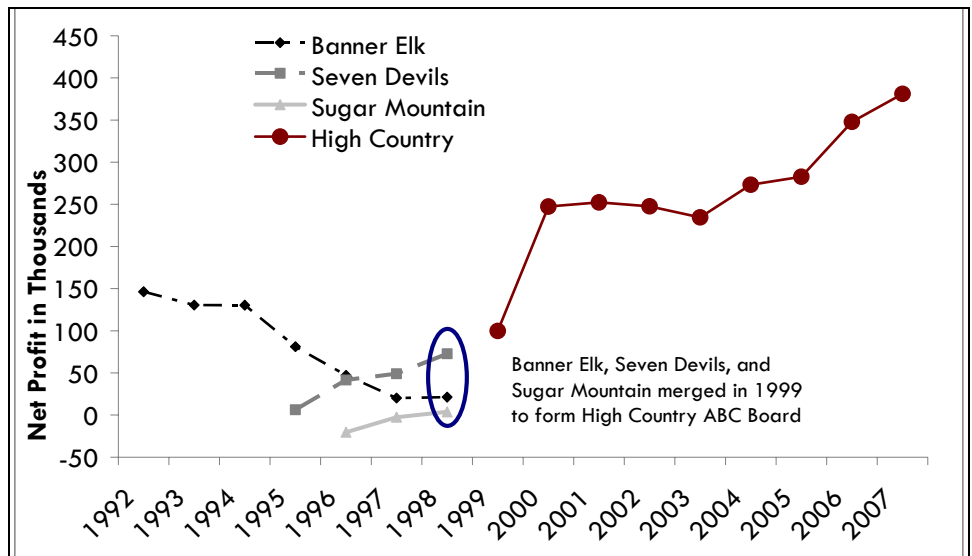
One example of a successful merger is High Country, where three local boards merged together in 1998 to create the High Country ABC Board:

Banner Elk, Seven Devils, and Sugar Mountain. The three communities are ski resort areas located within several miles of each other in Avery and Watauga counties. The Banner Elk ABC Board was established in 1977 and was the only ABC board in the area until 1994, when Seven Devils and Sugar Mountain each voted to have an ABC store. By 1996, the three boards had three separate stores within two miles of each other. Banner Elk ABC Board profits declined substantially with competition from the two other stores. The Seven Devils ABC Board was making a small profit, and the Sugar Mountain store was struggling.

During the evaluation team’s site visit to the High Country ABC Board, board members and the general manager discussed how the merger took place. The three communities realized total liquor sales in the area were not enough to support three ABC stores, and they decided to merge operations. To accomplish the merger, territorial issues had to be considered. For example, Banner Elk was concerned about losing revenue from mixed-beverage sales. To address distribution concerns, High Country ABC Board developed a distribution system based on current sales. When gross liquor sales were high enough, the distribution formula switched to give each community one-third of the profits. The three boards initially closed two of the three stores and opened a new store in 2001 that is centrally located among the ski resorts. Exhibit 13 shows how profitability has grown since the merger of the three boards.

Exhibit 13

Merger Resulted in Increased Profits for High Country ABC Board



Source: Program Evaluation Division based on ABC Commission data.

The High Country ABC Board experience shows how operating margins and profitability improve when the number of stores in an area is reduced. Operating costs decreased, and liquor sales were no longer divided amongst competing boards.

The formation of the Triad Municipal ABC Board offers a different model of board consolidation, where new communities electing to have an ABC store merged with an existing board rather than creating separate local boards. Winston-Salem was the only city in Forsyth County with ABC stores until 1990, when the towns of Clemmons and Kernersville voted to have ABC stores. The Winston-Salem Municipal ABC Board approached the

towns and explained the benefits of joining with their board. Both towns agreed to merge and form the Forsyth County Municipal ABC Board. The town of Lewisville joined in 1999, and since 2005, three towns outside of Forsyth County—Oak Ridge (Guilford County), Bermuda Run (Davie County), and Yadkinville (Yadkin County)—joined the system and the board name changed to Triad Municipal ABC Board. The merged system has 14 stores with 8 in Winston-Salem and 6 in the other towns—one for each community.

During the evaluation team's site visit with Triad Municipal ABC Board, the advantages of consolidation were discussed. Board staff emphasized having a consolidated system saved money for all the communities that joined to form the merged board, including Winston-Salem. The consolidation agreement signed by the seven municipalities recognizes this advantage. The agreement states a consolidated system generates more revenue for each participant than if each community had its own system because savings are achieved through combined managerial, administrative, financial, warehousing, and law enforcement functions. Each community receives profits from its store(s) after the indirect costs not directly related to individual store operations are subtracted. In addition, the cost of building new stores in each town is shared, so each new municipality begins receiving revenue in the first year of operation.

Other local boards would benefit from board mergers. Thirty-two counties in North Carolina have two or more boards, and 17 have three or more boards. Profitability and operating margins are affected when multiple boards coexist in a county, as demonstrated by the experiences of Buncombe and Gaston counties. The impact of multiple boards in a county varies depending on the number of boards, county population, and location of boards within the county. In general, profitability of local boards in counties with multiple boards is lower than profitability of a single board in one county. Twelve of the least profitable local boards in Fiscal Year 2006-07 are located in counties with two or more boards.

Another phenomenon occurs when some local boards in a county are reasonably profitable while other boards struggle to make a profit. During Fiscal Year 2006-07, Robeson County's seven municipal boards experienced different levels of profitability.

- Maxton and Pembroke ABC Boards lost money.¹²
- Rowland and Red Springs ABC Boards barely made a profit.
- Fairmont ABC Board had a 3.28% profit margin.
- Lumberton and St. Pauls ABC Boards had profits just over 5%.

Exhibit 10 shows other counties experience problems when they have more than two boards—Columbus (5 boards), Duplin (3 boards), Sampson (4 boards), Franklin (4 boards), Rockingham (3 boards), and Gaston (5 boards).

With eight municipal boards and a county board, Brunswick County has the most local boards in North Carolina. The ABC store election by Brunswick County residents caused the eight municipal boards to seek special legislation to limit where the Brunswick County ABC Board located ABC stores because they were concerned about competition. Currently, nine

¹² The ABC Commission closed the Pembroke ABC store in October 2008. See page 21 for more information.

boards operate 10 stores. Although all local boards in Brunswick County are profitable, numerous boards create inefficiencies and force competition with each other for liquor sales. Their location in a tourist destination explains why nine local boards can coexist and remain profitable even when several of the ABC boards have high operating margins.

Finding 3. Unlike some states that control the sale of liquor, North Carolina has not clearly defined the mission of local boards.

Neither Alcohol Beverage Control statutes nor administrative rules define the mission or purpose of boards. The general provisions of the Alcohol Beverage Control (ABC) laws in N.C. Gen. Stat. § 18B-100 were “intended to establish a uniform system of control over the sale, purchase, transportation, manufacture, consumption, and possession of alcoholic beverages in North Carolina, and to provide procedures to insure the proper administration of the ABC laws under a uniform system throughout the State.” Because the statutes direct the ABC Commission and local boards to implement portions of the ABC control laws, N.C. Gen. Stat. § 18B-100 implies their mission is to control the sale of liquor. The statutes also define the organization and duties for the ABC Commission and local boards and provide guidance on the operation of ABC stores. However, they do not provide direction on expected outcomes from the operation of the ABC system. N.C. Gen. Stat. § 18B-805 directs the distribution of liquor revenues, but no statute or rule identifies revenue generation as a mission for local boards.

The ABC Commission’s administrative rules provide detailed instructions for local boards and store operation but offer no overall purpose or mission statement for local boards. Recent annual reports from the ABC Commission include the following byline, “Control, Service and Revenue Since 1937”, but no ABC Commission document specifically states the mission of local boards is control, service, and revenue.

Other control states have clear mission and purpose statements. Like North Carolina, Virginia and New Hampshire control the sale of liquor through state-operated retail stores; however, their operations are controlled by state government with no local government involvement. The Virginia Department of Alcohol Beverage Control prominently displays its vision and mission statement on its website and in its annual report:

- **Vision.** To enhance the quality of life for Virginia's citizens by balancing service, revenue, and control in the distribution, sale, and consumption of alcoholic beverages.
- **Mission.** To control the distribution of alcoholic beverages; operate efficient, conveniently located retail outlets; enforce the laws of the Commonwealth pertaining to alcoholic beverages and youth access to tobacco products; and provide excellent customer service, a reliable source of revenue, and effective public safety.

While controlling distribution, sale, and consumption of alcoholic beverages is an important part of the mission of the Virginia Department of Alcohol Beverage Control, the vision and mission statements emphasize balancing control with service and revenue.

The mission or purpose for the New Hampshire Liquor Commission is found in state statutes: “The primary duties of the liquor commission shall be to optimize the profitability of the commission, maintain proper controls, assume responsibility for the effective and efficient operation of the commission, and provide service to the customers of the commission.” Profitability is the most important duty of the New Hampshire Liquor Commission, but the statute also emphasizes effective and efficient operations and service to customers.

Because Virginia and New Hampshire control the operation of retail stores at the state level, it is easier for them to have a clear mission for retail operations. By emphasizing profitability, efficient and effective operations, and good customer service in their mission statements, these states appear to assess the success of their ABC systems by measuring their profitability, operating efficiency, and customer service. In comparison, state law in North Carolina only mentions control with no reference to profitability, efficiency, or customer service, even though the system functions as a retail business.

Responses to survey questions and site visit interviews indicate the perceived mission for local boards varies. A survey conducted by the Program Evaluation Division asked boards to rank the following statements based on their opinion of the purpose of their local board in their community:¹³

- Controls access to alcohol sales in the community.
- Provides revenue to support the community.
- Provides a service to the community.
- Promotes the sale of alcohol in the community.
- Provides a positive retail experience for customers.

The evaluation team analyzed the data by examining how many boards ranked each statement first or second to determine what local boards considered their most important responsibilities. The data revealed a lack of consensus on the purpose of boards: 70.9% of the local boards identified controlling access to alcohol sales as the most important purpose, and 64.6% identified providing revenue to the community was the most important purpose. Another 38.6% said the most important responsibility of a local board is to provide a service to the community. This lack of consensus was echoed in interviews with boards.

The lack of a clear mission allows local boards to justify ineffective and inefficient store operations. In site visits, six of eight boards with limited (less than 2%) or no profits identified providing a service to the community was more important than making a profit. One board said the original intent of the ABC system was to provide residents with access to alcohol, and now “too much emphasis was placed on profitability.” Another board with several stores reported they did not want to close their least profitable store because residents had already complained about a reduction in operating hours, and the board did not want to eliminate service for the community where the store was located. Even though the Maxton ABC Board is unprofitable and no longer provides revenue to the

¹³ Boards ranked each statement from one to five, with one being the most important purpose and five being the least important purpose. See Appendix C for a copy of the survey instrument for local boards.

community, the mayor of Maxton told the Program Evaluation Division an ABC store is important for economic development. Focusing on providing a service to the community allows unprofitable boards to justify inefficient operations and maintain stores in unprofitable locations.

Profitable local boards (i.e., those with profit margins exceeding 10%) were more likely to discuss how profits benefit their communities and how improving and streamlining store operations increased profits. To emphasize the importance of revenue for the community, profitable boards used a variety of techniques to communicate how revenue from liquor sales benefited their communities, such as

- printing revenue distribution information on bags,
- distributing brochures describing how profits from liquor sales benefit the community, and
- displaying revenue distribution information prominently in their central offices.

Another example of lack of consensus on the purpose for local boards comes from an article describing one local board's remodeling project. In the article, the general manager of the board stated, "Our job at the store is to control the access to alcohol people have. Drinking is a privilege, not a right. That's what we're here to enforce." Based on the experience of other boards, state ABC officials stated in the article that improving the store appearance increased liquor sales by 15%, but this general manager stated he was less optimistic that renovations would boost revenues. Emphasizing controlling access to liquor may affect how a local board serves customers and may result in delayed decisions to improve the operations of its stores.

Finding 4. North Carolina's system for regulating the sale of liquor is different from other states.

Since the repeal of Prohibition in 1933, state governments have been responsible for controlling the sale and distribution of alcoholic beverages. All 50 states regulate the sale and distribution of alcoholic beverages, but how regulation occurs varies. Two major types of state government regulation developed after Prohibition ended: control and licensing. Control states regulate through licensing and tax collection, but they also directly control distribution by providing alcoholic beverages directly to consumers at state-operated retail stores or as wholesalers through retail establishments. Licensing states regulate the distribution of alcoholic beverages by licensing suppliers, wholesalers, and retail business selling alcoholic beverages and collecting taxes on these beverages, but they do not control distribution.

Nationally, there are 18 states and two counties in Maryland with direct control of the distribution and sale of liquor, and in some cases, wine.

North Carolina is considered a control state because it directly controls the distribution of liquor at the retail and wholesale level. Control states also license and regulate all members of the alcoholic beverage industry conducting business in their state, including manufacturers, importers, wholesalers, and on/off premises retailers. How states control the sale and

distribution of alcoholic beverages varies, but there are four major methods of control.

- **Retail Control.** State government controls the wholesale and retail distribution of liquor, and in some cases, wine; determines brands and pricing of liquor sold in the state; and maintains a warehouse for distribution. The retail sale of alcoholic beverages occurs in stores owned, maintained, and operated by state government. North Carolina is considered a retail control state, but the local government control of retail sales is unique among control states because state government operates Alcohol Beverage Control (ABC) stores in other retail control states.
- **Agency Stores.** State government controls wholesale and retail distribution of liquor and sometimes wine, but the retail sale of alcoholic beverages is handled by contracted agency stores selling liquor on behalf of the government. Under this model, state governments pay agency or contract stores a commission or sell alcoholic beverages to agency stores at a discount. Agency stores are usually retail establishments that set aside a portion of their store to sell liquor or wine. The state determines brands and pricing of liquor sold in the state and maintains a warehouse for distribution to the agency stores.
- **Combination States.** State government controls wholesale and retail distribution of liquor and sometimes wine, but retail sales of alcoholic beverages are handled by a combination of stores operated by state government and agency stores or private retail businesses.¹⁴ In these states, agency stores are usually located in rural areas with populations that cannot support a stand-alone liquor store. By contracting with an outlet such as a convenience store, state government can ensure residents in rural areas have access to liquor and wine without having the expense of maintaining a store. The state determines which brands are carried and the price of liquor sold in the state and maintains a warehouse for distribution to state-owned and agency stores.
- **Wholesale States.** Under this model of control, state government controls the wholesale distribution of liquor, and in some cases, wine. The retail sale of liquor is handled by private retail businesses licensed by the state. The state determines brands and pricing of liquor sold in the state and maintains a warehouse for distribution to private retail businesses. The state may limit the location and number of retail outlets.

Exhibit 14 identifies which method of control is used by the 18 control states and two counties in Maryland.

¹⁴ Alabama is the only control state using a combination of state-operated and private retail businesses to sell liquor.

Exhibit 14

Systems of Alcohol
Beverage Control in the 18
Control States and Two
Maryland Counties

Retail	Agency
New Hampshire* North Carolina Pennsylvania* Virginia Montgomery County, Maryland* Worcester County, Maryland	Maine Montana Ohio Oregon Vermont
Combination	Wholesale
Alabama Idaho Utah* Washington	Iowa Michigan Mississippi* West Virginia Wyoming*
Note: Asterisks denote the state or county controls the distribution of wine.	

Source: Program Evaluation Division based on data from the National ABC Association.

Exhibit 15 provides comparison data sometimes used to evaluate the effectiveness of state regulation of liquor for each of the 18 control states.

- The number of sales outlets measures how state government regulates access to liquor—North Carolina ranks 12th lowest in number of sales outlets.
- State and local revenues by wine gallon measure how state governments maximize revenue from the sale of alcohol—North Carolina ranks 4th highest in public revenue per wine gallon.
- Adult per capita consumption measures how state government regulates access to liquor—North Carolina has the 3rd lowest adult per capita consumption of liquor.

Exhibit 15

Comparative Performance
Information for 18 Control
States

Control State	2008 Sales Outlets	2006 Public Revenue		2006 Adult Per Capita Liquor Consumption (Wine Gallons)
		Total Revenue	Revenue per Wine Gallon	
Washington	315	\$ 313,622,000	\$ 35.08	1.99
Utah	157	66,168,000	33.96	1.21
Virginia	332	257,388,000	30.26	1.57
North Carolina	405	269,974,000	28.63	1.52
Alabama	559	141,056,000	27.62	1.52
Pennsylvania	634	366,753,000	26.04	1.59
Ohio	437	307,388,000	24.90	1.55
Oregon	243	132,660,000	23.60	2.15
Michigan	4,295	355,320,000	23.21	2.16
Idaho	161	39,983,000	22.64	1.84
Vermont	75	19,303,000	22.22	1.91
Maine	246	43,926,000	20.42	2.22
Mississippi	516	76,269,000	20.33	1.89
Iowa	586	69,482,000	18.82	1.81
Montana	95	25,761,000	16.87	2.30
New Hampshire	75	79,083,000	16.71	4.95
West Virginia	154	22,491,000	14.87	1.14
Wyoming	124	9,819,000	9.07	2.94

Notes: A wine gallon is equivalent to a standard United States bulk or liquid gallon. An adult is defined as a person of legal drinking age (21 or older), and the adult population was estimated as of July 1, 2006 by the United States Bureau of the Census.

Source: Program Evaluation Division based on data from the National ABC Association and the Distilled Spirits Council of the United States.

Most control states have local option to determine whether communities are wet¹⁵ or dry. Votes are required in counties, cities, or other local jurisdictions. The following states do not have local option elections: Iowa, Montana, Oregon, and Utah. North Carolina is unique in that counties and municipalities vote to operate ABC stores. No other control state allows local governments to operate ABC stores.

Although several control states have changed how they control the sale of alcoholic beverages, no control state has converted to a state licensing system. Some states have discontinued operation of state-operated retail stores. Michigan, Iowa, and West Virginia closed their state stores and now license private retail business to sell liquor. Ohio, Vermont, and Montana have closed their state stores but maintain control by contracting with agency stores. Michigan privatized its wholesale distribution systems but still maintains control of all alcoholic beverages sold within its borders, including setting the retail pricing for liquor. In 2004, Maine leased its warehouse to a private contractor for a 10-year period for a set commission.

States may not convert from control to licensure because reduction in state revenues from liquor is likely.¹⁶ In 2006, control states received an average of \$25.36 per wine gallon in state and local revenues; license

¹⁵ A county is considered "wet" if the county or any municipalities in it have voted to allow the sale of any alcoholic beverages.

¹⁶ J. Squeo, Executive Director of the National Alcohol Beverage Control Association (personal communication, July 3, 2008).

states only received an average of \$11.65 per wine gallon. Control states collect more revenue because they control the price of liquor through their mark-up process and receive part of the profits accruing to private retail business in licensing states.

Unlike control states, licensing states do not directly participate in the sale of alcoholic beverages. Wholesale and retail sales of distilled spirits are conducted by private business. The 32 licensing states regulate all members of the alcoholic beverage industry conducting business in their state by issuing licenses or permits to manufacturers, importers, wholesalers, and on/off premise retailers. The North Carolina ABC Commission uses the licensing process to regulate the sale and distribution of wine and malt beverages in North Carolina.

While licensing states do not directly control the distribution of liquor, they do regulate various aspects of the liquor industry in their state. The amount of regulation varies among licensing states, but targeted areas of regulation are similar:

- **Where liquor is sold.** Licensing states determine what types of retail business can sell liquor in their states. Venues where liquor can be sold include liquor stores (also known as package stores), drug stores, grocery stores, and gas stations or convenience stores. Some states limit sale of liquor to package stores and other states allow liquor sales in all venues.
- **Days and hours of operation.** Licensing states set hours of operation for the sale of liquor, though several states allow local option determination. Sunday sales are regulated, with some states prohibiting Sunday sales or allowing local option determination.
- **Limitations on package chains.** About half of the license states prohibit liquor store chains from operating in their jurisdiction. For example, South Carolina restricts liquor store ownership to three stores.
- **License quotas.** Twelve states have quotas on the number of licenses issued to retail businesses selling liquor, and four states regulate the number of licenses at the local level. Some license quotas are based on population. For example, Arkansas allows one liquor license per 4,000 people, and Connecticut allows one package store per 2,500 people.
- **Limitations on store location.** Most license states have regulations limiting where liquor stores can be built or delegate the responsibility to local government through zoning regulations. Limitations include consideration of distance from places of worship and schools.
- **Local option.** Two-thirds of license states have some form of local option where local government holds elections to determine whether alcohol is sold in their communities. Like North Carolina, license states have dry areas where no alcohol is sold. For example, New York has 13 dry towns and Texas has 51 dry counties.
- **Local government operation of ABC stores.** Minnesota allows municipalities with fewer than 10,000 people to operate ABC stores

and saloons to ensure access to liquor in areas unable to attract privately-run establishments. Minnesota law requires cities to hold public hearings on the future of liquor stores if liquor operations fail to make a profit in at least two of the past three years.

Twelve license states resemble North Carolina's method of control in that they limit the sale of liquor to privately-owned package stores (see Exhibit 16).

Exhibit 16

Comparing North Carolina's Performance to Selected Licensing States

Licensure States Compared to North Carolina	2008 Sales Outlets	2006 Public Revenue		2006 Adult Per Capita Consumption (Wine Gallons)
		Total Revenue	Revenue per Wine Gallon	
North Carolina	405	\$ 269,974,000	\$ 28.63	1.52
Texas	2,238	438,742,000	17.95	1.55
Tennessee	485	106,801,000	17.95	1.56
New York	2,482	455,076,000	17.75	1.84
Florida	1,888	586,987,000	17.55	2.53
Minnesota	2,272	153,441,000	15.14	2.76
Alaska	411	19,777,000	14.83	2.95
Oklahoma	561	54,724,000	13.47	1.63
South Carolina	970	75,790,000	11.75	2.16
Georgia	372	133,321,000	11.30	1.83
Kansas	718	36,240,000	10.88	1.71
Arkansas	461	27,188,000	7.81	1.74
Delaware	369	8,049,000	3.75	3.54

Notes: A wine gallon is equivalent to a standard United States bulk or liquid gallon. An adult is defined as a person of legal drinking age (21 or older), and the adult population was estimated as of July 1, 2006 by the United States Bureau of the Census.

Source: Program Evaluation Division based on data from the National ABC Association and the Distilled Spirits Council of the United States.

In comparison to selected licensing states, North Carolina has fewer sales outlets except for Delaware, receives more public revenue per wine gallon, and has the lowest per capita consumption.

Recommendations

The North Carolina General Assembly should modernize the current system of alcohol beverage control (ABC) by defining the mission of local boards, providing the North Carolina ABC Commission with management tools for better oversight of the boards, and modifying outdated statutes for ABC store elections and purchase-transportation permits. In addition, the General Assembly should consider whether other ABC systems identified in this evaluation are appropriate for North Carolina.

Recommendation 1. Modernize the current Alcohol Beverage Control system by defining the mission of local boards, providing the North Carolina ABC Commission with management tools for better oversight of boards, and modifying outdated statutes for ABC store elections and purchase-transportation permits.

1-A. Clearly define the mission and purpose of local boards. With no clear direction from statutes or the Alcohol Beverage Control (ABC) Commission, local board opinions on purpose or mission vary. The lack of consensus among local boards allows some boards to justify ineffective and inefficient store operations. The General Assembly should clearly define the mission of local boards in Chapter 18B of the General Statutes. Drawing from other successful state control systems, a mission statement for local boards should include the following elements:

- optimizing profitability through efficient store operation,
- distributing revenue back to the community,
- providing access to conveniently located ABC stores,
- providing excellent customer service, and
- ensuring appropriate control of the sale of liquor.

1-B. Provide the North Carolina ABC Commission with management tools for better oversight of local boards. Under current state statutes, the ABC Commission is authorized to supervise local boards but cannot require them to improve the effectiveness and efficiency of their operations. The General Assembly should enact legislation giving the ABC Commission the following management tools for better oversight of local boards and improvement of the ABC system overall:

- **Performance standards.** Direct the ABC Commission to develop performance standards for local boards. At a minimum, performance standards should include profitability, operating efficiency, store appearance, and customer service. Authorize the ABC Commission to use those standards to judge the performance of local boards and require low-performing boards to make changes to improve their performance.
- **Local board mergers.** Authorize the ABC Commission to require local board mergers (including new boards) as needed to improve the effectiveness and efficiency of the ABC system. Require the ABC Commission to use performance standards when determining whether merging local boards is an appropriate method for improving the effectiveness and efficiency of board operations.
- **Technical assistance and financial incentives.** Authorize the ABC Commission to levy a bailment surcharge up to \$0.10 per case to create a non-reverting revolving loan fund to pay for technical and financial assistance for local boards. The bailment surcharge would be levied until the loan fund receives \$2 million.¹⁷ Authorize the ABC Commission to issue no-interest loans from the fund for local board technical assistance and financial incentives that will result in increased efficiencies in store operation and improvement of the ABC system in North Carolina.
- **Agency stores.** Authorize the ABC Commission to require local boards to contract with an agency store to sell liquor when performance standards indicate efficient operation of an ABC store by a board is not possible. Other control states have agency stores in rural areas that cannot support a stand-alone retail liquor store.

¹⁷ Based on an average of 4 million cases a year, it would take five years for the proposed fund to reach \$2 million.

Based on criteria established by the ABC Commission, a local board would select an agency store to sell liquor in their jurisdiction and monitor their operation. The suggested contract fee for the agency store is one-third of the current board mark-up, or 13%. The remaining board mark-up would be available for distribution to the community. The agency store model allows local boards in rural areas with low populations to ensure their residents have access to liquor in an efficient and effective manner and the community receives revenue from the sale of liquor.

1-C. Modify outdated statutes. The General Assembly should modify or eliminate the following outdated statutes in the ABC laws that no longer serve their original purpose:

- **Modify N.C. Gen. Stat. § 18B-600(d) by increasing the registered voter threshold for a city ABC store election from 500 to 5,000 voters.** Increasing the registered voter threshold ensures cities and towns holding ABC store elections have a large enough population to sustain an ABC store. This change will reduce competition and inefficiencies resulting from too many boards operating ABC stores in close proximity. Increasing the threshold will affect five dry counties in western North Carolina because these counties do not have any towns large enough to have 5,000 registered voters.¹⁸ These counties would qualify for a county ABC store election but not a municipal ABC store election under the proposed voter threshold increase. To ensure a town in these counties has an opportunity to hold a municipal ABC store election, an exception could be provided to allow one town in these counties with 500 registered voters to hold an ABC store election. Once one town in these counties votes to allow an ABC store, the 5,000 registered-voter threshold would apply.
- **Modify N.C. Gen. Stat. § 18B-600(e) by eliminating the requirement that a city must operate an ABC store or hold an ABC store election in order to hold a mixed-beverage election.** The original intent of this law was to ensure mixed-beverage businesses had access to an ABC store to purchase liquor. This evaluation has documented 405 ABC stores operate in 95 of North Carolina's counties; therefore, access to ABC stores is adequate to meet the needs of mixed-beverage businesses located in communities not operating an ABC store. Eliminating the ABC store requirement for city mixed-beverage elections will make it easier for communities to satisfy changing attitudes toward access to liquor.
- **Eliminate the purchase-transportation permit requirement for liquor in N.C. Gen. Stat. §§ 18B-303 and 18B-403.** The purchase-transportation permit requirement was established to deter bootlegging. This evaluation found the purchase-transportation permit is outdated because bootlegging is no longer a big problem, and the requirement has become an administrative burden on ABC store operations and liquor customers. The purchase-transportation permit requirement also applies to beer and wine purchases, so the General

¹⁸ The dry counties are Clay, Graham, Madison, Mitchell, and Yancey. In fact, Clay and Graham counties do not have a town large enough to meet the 500 registered-voter threshold.

Assembly may want to consider eliminating the purchase-transportation permit for all forms of alcoholic beverages sold in North Carolina.

Recommendation 2. The North Carolina General Assembly should consider whether other systems for alcohol beverage control identified in this evaluation are appropriate for North Carolina.

Exhibit 17 compares the impact of alcohol beverage control models. The chart describes how control models affect Alcohol Beverage Control (ABC) system operations and profitability.

Exhibit 17: Impact of Control Models on Alcohol Beverage Control

ABC System Operations	North Carolina Today	State Retail Model	Agency Store Model	Warehouse Model	Licensure Model
1. State government controls liquor selection	Yes	Yes	Yes	Yes	No
2. State government controls liquor pricing	Yes	Yes	Yes	Yes	No
3. State government operates a central warehouse	Yes	Yes	Yes	Yes	No
4. Requires creation of licensing standards for sale of liquor by agency/private retailers	No	No	Yes	Yes	Yes
5. State government operates ABC stores	No	Yes	No	No	No
6. Local governments operate ABC stores	Yes	No	No	No	No
ABC System Profitability	North Carolina Today	State Retail Model	Agency Store Model	Warehouse Model	Licensure Model
1. Provides state revenue through excise and sales taxes	Yes	Yes	Yes	Yes	Yes
2. Provides revenue for local governments if revenue sharing is required	Yes	Yes	Yes	Yes	Yes
3. Local governments receive one-time windfall from sale of all ABC stores	No ⁱ	Yes	Yes	Yes	Yes
4. Increases liquor prices to maintain state and local revenues and allow private business to profit	No	No	No	Yes	Yes
5. Increases excise tax rate to maintain state and local revenues	No	No	No	No	Yes
Note:					
ⁱ Under current law, an individual local board can choose to close and sell its store(s) and distribute revenue from the sale.					

Source: Program Evaluation Division.

Appendixes

Appendix A: Local ABC Board Information

- Appendix A.1: ABC Boards – Descriptive Information
- Appendix A.2: ABC Boards – 2007 Financial Data
- Appendix A.3: ABC Boards – 2007 Distributions
- Appendix A.4: ABC Boards – 2008 Survey Data

Appendix B: Evaluation Site Visits to Selected ABC Boards

Appendix C: ABC Board Survey Instrument

Agency Response

A draft of our report was submitted to the North Carolina Alcohol Beverage Control Commission for review and response. Its response is provided following the appendixes.

PED Contact and Staff Acknowledgments

For more information on this report, please contact the lead evaluator, Carol Shaw, at carolsh@ncleg.net.

Staff members who made key contributions to this report include Sean Hamel, Catherine Moga Bryant, Carol Ripple, Yana Samberg, Pamela L. Taylor, and Jeremy Wilson. John W. Turcotte is the director of the Program Evaluation Division.

Appendix A.1: ABC Boards – Descriptive Information

Board Number	Board Name	Type of System	Year Established	County(ies) of Operation	County Is Dry	Mixed-Beverage Sales	Board Members	Rural vs. Urban County	Geographic Region
B013	Alamance Municipal	Merged	1961	Alamance	N	Y	6	Urban	Piedmont
B164	Albemarle	Municipal	1979	Stanly	Y	Y	3	Rural	Piedmont
B001	Andrews	Municipal	1967	Cherokee	Y	Y	3	Rural	Mountain
B002	Angier	Municipal	1969	Harnett	Y	Y	5	Rural	Coastal Plain
B003	Asheville	Municipal	1947	Buncombe	Y	Y	5	Urban	Mountain
B004	Beaufort County	County	1935	Beaufort	N	Y	3	Rural	Coastal Plain
B132	Belville	Municipal	1979	Brunswick	N	N	3	Rural	Coastal Plain
B005	Bertie County	County	1937	Bertie	N	N	5	Rural	Coastal Plain
B006	Bessemer City	Municipal	1969	Gaston	Y	Y	4	Urban	Piedmont
B007	Black Mountain	Municipal	1971	Buncombe	Y	N	3	Urban	Mountain
B008	Blowing Rock	Municipal	1965	Watauga	Y	Y	3	Rural	Mountain
B137	Boiling Spring Lakes	Municipal	1975	Brunswick	N	Y	3	Rural	Coastal Plain
B152	Boone	Municipal	1986	Watauga	Y	Y	3	Rural	Mountain
B010	Brevard	Municipal	1967	Transylvania	Y	Y	3	Rural	Mountain
B011	Brunswick	Municipal	1967	Columbus	Y	N	3	Rural	Coastal Plain
B158	Brunswick County	County	1989	Brunswick	N	Y	3	Rural	Coastal Plain
B133	Bryson City	Municipal	1979	Swain	Y	Y	3	Rural	Mountain
B012	Bunn	Municipal	1963	Franklin	Y	N	3	Rural	Piedmont
B129	Calabash	Municipal	1974	Brunswick	N	Y	3	Rural	Coastal Plain
B014	Camden County	County	1937	Camden	N	N	3	Rural	Coastal Plain
B140	Canton	Municipal	1967	Haywood	Y	Y	3	Rural	Mountain
B015	Carteret County	County	1935	Carteret	N	Y	5	Rural	Coastal Plain
B016	Caswell County	County	1937	Caswell	N	N	3	Rural	Piedmont
B017	Catawba County	County	1937	Catawba	N	Y	5	Urban	Piedmont
B151	Chatham County	County	1984	Chatham	N	Y	3	Rural	Piedmont
B145	Cherryville	Municipal	1975	Gaston	Y	Y	3	Urban	Piedmont
B019	Chowan County	County	1937	Chowan	N	Y	3	Rural	Coastal Plain
B020	Clinton	Municipal	1957	Sampson	Y	Y	3	Rural	Coastal Plain
B157	Columbus	Municipal	1989	Polk	Y	Y	3	Rural	Mountain
B022	Concord	Municipal	1967	Cabarrus	Y	Y	3	Urban	Piedmont
B155	Cooleemee	Municipal	1987	Davie	Y	Y	3	Rural	Piedmont
B172	Cramerton	Municipal	2006	Gaston	Y	Y	3	Urban	Piedmont
B023	Craven County	County	1937	Craven	N	Y	3	Rural	Coastal Plain
B024	Cumberland County	County	1937	Cumberland	N	Y	5	Urban	Coastal Plain
B025	Currituck County	County	1937	Currituck	N	Y	5	Rural	Coastal Plain
B026	Dare County	County	1937	Dare	N	Y	3	Rural	Coastal Plain
B121	Dobson	Municipal	1971	Surry	Y	N	3	Rural	Mountain

Appendix A.1: ABC Boards – Descriptive Information

Board Number	Board Name	Type of System	Year Established	County(ies) of Operation	County Is Dry	Mixed-Beverage Sales	Board Members	Rural vs. Urban County	Geographic Region
B027	Dunn	Municipal	1949	Harnett	Y	Y	3	Rural	Coastal Plain
B028	Durham County	County	1937	Durham	N	Y	5	Urban	Piedmont
B148	Eden	Municipal	1983	Rockingham	Y	Y	3	Rural	Piedmont
B029	Edgecombe County	County	1935	Edgecombe	N	Y	5	Rural	Coastal Plain
B144	Elizabethtown	Municipal	1981	Bladen	Y	Y	3	Rural	Coastal Plain
B146	Elkin	Municipal	1982	Surry	Y	Y	3	Rural	Mountain
B031	Fairmont	Municipal	1967	Robeson	Y	N	3	Rural	Coastal Plain
B159	Fletcher	Municipal	1991	Henderson	Y	Y	3	Rural	Mountain
B168	Forest City	Municipal	2002	Rutherford	Y	Y	3	Rural	Mountain
B160	Franklin	Municipal	1994	Macon	Y	Y	3	Rural	Mountain
B033	Franklinton	Municipal	1947	Franklin	Y	N	3	Rural	Piedmont
B034	Garland	Municipal	1969	Sampson	Y	N	3	Rural	Coastal Plain
B035	Gastonia	Merged	1967	Gaston	Y	Y	5	Urban	Piedmont
B036	Gates County	County	1935	Gates	N	N	3	Rural	Coastal Plain
B156	Gibsonville	Municipal	1988	Guilford	Y	Y	3	Urban	Piedmont
B037	Granite Falls	Municipal	1963	Caldwell	Y	Y	3	Rural	Mountain
B038	Granville County	County	1937	Granville	N	Y	3	Rural	Piedmont
B039	Greene County	County	1935	Greene	N	N	3	Rural	Coastal Plain
B040	Greensboro	Merged	1951	Guilford	Y	Y	5	Urban	Piedmont
B041	Halifax County	County	1935	Halifax	N	Y	3	Rural	Coastal Plain
B042	Hamlet	Municipal	1963	Richmond	Y	Y	4	Rural	Piedmont
B043	Hendersonville	Municipal	1955	Henderson	Y	Y	3	Rural	Mountain
B045	Hertford	Municipal	1961	Perquimans	Y	Y	3	Rural	Coastal Plain
B044	Hertford County	County	1935	Hertford	N	Y	3	Rural	Coastal Plain
B165	High Country	Merged	1998	Avery, Watauga	Y	Y	3	Rural	Mountain
B123	High Point	Municipal	1977	Guilford	Y	Y	5	Urban	Piedmont
B126	Highlands	Municipal	1977	Macon	Y	Y	3	Rural	Mountain
B046	Hoke County	County	1937	Hoke	N	Y	3	Rural	Coastal Plain
B130	Hyde County	County	1973	Hyde	N	Y	3	Rural	Coastal Plain
B049	Johnston County	County	1964	Johnston	N	Y	3	Rural	Coastal Plain
B050	Jones County	County	1937	Jones	N	N	3	Rural	Coastal Plain
B051	Kenansville	Municipal	1965	Duplin	Y	Y	5	Rural	Coastal Plain
B154	Kings Mountain	Municipal	1969	Cleveland	Y	Y	5	Rural	Piedmont
B136	Lake Lure	Municipal	1979	Rutherford	Y	Y	3	Rural	Mountain
B052	Lake Waccamaw	Municipal	1967	Columbus	Y	N	3	Rural	Coastal Plain
B141	Laurel Park	Municipal	1981	Henderson	Y	Y	3	Rural	Mountain
B125	Lenoir	Municipal	1977	Caldwell	Y	Y	3	Rural	Mountain

Appendix A.1: ABC Boards – Descriptive Information

Board Number	Board Name	Type of System	Year Established	County(ies) of Operation	County Is Dry	Mixed-Beverage Sales	Board Members	Rural vs. Urban County	Geographic Region
B053	Lenoir County	County	1935	Lenoir	N	Y	3	Rural	Coastal Plain
B054	Lexington	Municipal	1965	Davidson	Y	Y	3	Urban	Piedmont
B128	Liberty	Municipal	1973	Randolph	Y	N	3	Rural	Piedmont
B055	Lillington	Municipal	1963	Harnett	Y	Y	3	Rural	Coastal Plain
B169	Lincoln County	County	2002	Lincoln	N	Y	3	Rural	Piedmont
B056	Lincolnton	Municipal	1967	Lincoln	N	Y	3	Rural	Piedmont
B173	Locust	Municipal	2008	Stanly	Y	N	3	Rural	Piedmont
B058	Louisburg	Municipal	1947	Franklin	Y	Y	3	Rural	Piedmont
B153	Lumberton	Municipal	1967	Robeson	Y	Y	3	Rural	Coastal Plain
B059	Madison	Municipal	1969	Rockingham	Y	Y	3	Rural	Piedmont
B134	Maggie Valley	Municipal	1979	Haywood	Y	Y	3	Rural	Mountain
B150	Marion	Municipal	1984	McDowell	Y	Y	3	Rural	Mountain
B060	Martin County	County	1935	Martin	N	Y	5	Rural	Coastal Plain
B061	Maxton	Municipal	1967	Robeson	Y	Y	4	Rural	Coastal Plain
B062	Mecklenburg County	County	1947	Mecklenburg	N	Y	5	Urban	Piedmont
B063	Monroe	Municipal	1963	Union	Y	Y	3	Rural	Piedmont
B064	Montgomery-Municipal	Merged	1969	Montgomery	Y	Y	5	Rural	Piedmont
B065	Moore County	County	1937	Moore	N	Y	3	Rural	Piedmont
B066	Mooresville	Municipal	1965	Iredell	Y	Y	3	Rural	Piedmont
B067	Morganton	Municipal	1963	Burke	Y	Y	3	Rural	Mountain
B131	Mount Airy	Municipal	1971	Surry	Y	Y	3	Rural	Mountain
B170	Mount Holly	Municipal	2003	Gaston	Y	N	3	Urban	Piedmont
B068	Mount Pleasant	Municipal	1967	Cabarrus	Y	N	3	Urban	Piedmont
B138	Murphy	Municipal	1979	Cherokee	Y	Y	3	Rural	Mountain
B069	Nash County	County	1935	Nash	N	Y	3	Rural	Coastal Plain
B070	New Hanover County	County	1935	New Hanover	N	Y	3	Urban	Coastal Plain
B071	Newton Grove	Municipal	1971	Sampson	Y	N	3	Rural	Coastal Plain
B072	North Wilkesboro	Municipal	1965	Wilkes	Y	Y	3	Rural	Mountain
B073	Northampton County	County	1935	Northampton	N	N	3	Rural	Coastal Plain
B074	Norwood	Municipal	1965	Stanly	Y	Y	3	Rural	Piedmont
B166	Oak Island	Merged	1999	Brunswick	N	Y	3	Rural	Coastal Plain
B075	Ocean Isle Beach	Municipal	1961	Brunswick	N	Y	3	Rural	Coastal Plain
B076	Onslow County	County	1935	Onslow	N	Y	5	Rural	Coastal Plain
B077	Orange County	County	1937	Orange	N	Y	5	Urban	Piedmont
B078	Pamlico County	County	1937	Pamlico	N	Y	3	Rural	Coastal Plain
B079	Pasquotank County	County	1935	Pasquotank	N	Y	5	Rural	Coastal Plain
B080	Pembroke	Municipal	1967	Robeson	Y	N	3	Rural	Coastal Plain

Appendix A.1: ABC Boards – Descriptive Information

Board Number	Board Name	Type of System	Year Established	County(ies) of Operation	County Is Dry	Mixed-Beverage Sales	Board Members	Rural vs. Urban County	Geographic Region
B081	Pender County	County	1963	Pender	N	Y	3	Rural	Coastal Plain
B082	Person County	County	1937	Person	N	Y	3	Rural	Piedmont
B083	Pitt County	County	1935	Pitt	N	Y	5	Rural	Coastal Plain
B084	Pittsboro	Municipal	1967	Chatham	N	N	3	Rural	Piedmont
B085	Randleman	Municipal	1965	Randolph	Y	Y	3	Rural	Piedmont
B119	Red Springs	Municipal	1967	Robeson	Y	N	3	Rural	Coastal Plain
B086	Reidsville	Municipal	1965	Rockingham	Y	Y	3	Rural	Piedmont
B087	Rockingham	Municipal	1965	Richmond	Y	Y	3	Rural	Piedmont
B088	Roseboro	Municipal	1963	Sampson	Y	N	3	Rural	Coastal Plain
B089	Rowan/Kannapolis	County	1937	Rowan	N	Y	3	Urban	Piedmont
B090	Rowland	Municipal	1967	Robeson	Y	N	3	Rural	Coastal Plain
B135	Rutherfordton	Municipal	1975	Rutherford	Y	Y	3	Rural	Mountain
B091	Saint Pauls	Municipal	1967	Robeson	Y	N	3	Rural	Coastal Plain
B092	Sanford	Municipal	1961	Lee	Y	Y	3	Rural	Piedmont
B093	Scotland County	County	1937	Scotland	N	Y	3	Rural	Coastal Plain
B094	Shallotte	Municipal	1959	Brunswick	N	Y	3	Rural	Coastal Plain
B122	Shelby	Municipal	1969	Cleveland	Y	Y	5	Rural	Piedmont
B149	Siler City	Municipal	1983	Chatham	N	Y	3	Rural	Piedmont
B095	Southport	Municipal	1957	Brunswick	N	Y	3	Rural	Coastal Plain
B096	Sparta	Municipal	1961	Alleghany	Y	Y	3	Rural	Mountain
B120	Statesville	Municipal	1965	Iredell	Y	Y	3	Rural	Piedmont
B097	Sunset Beach	Municipal	1969	Brunswick	N	Y	3	Rural	Coastal Plain
B098	Sylva	Municipal	1967	Jackson	Y	Y	3	Rural	Mountain
B139	Tabor City	Municipal	1967	Columbus	Y	N	3	Rural	Coastal Plain
B099	Taylorsville	Municipal	1965	Alexander	Y	Y	3	Rural	Piedmont
B167	Thomasville	Municipal	1999	Davidson	Y	Y	3	Urban	Piedmont
B115	Triad Municipal	Merged	1951	Forsyth, Davie, Guilford, Yadkin	Y	Y	9	Urban	Piedmont
B100	Tryon	Municipal	1951	Polk	Y	Y	3	Rural	Mountain
B101	Tyrrell County	County	1937	Tyrrell	N	N	3	Rural	Coastal Plain
B102	Vance County	County	1935	Vance	N	Y	5	Rural	Piedmont
B103	Wadesboro	Municipal	1963	Anson	Y	Y	5	Rural	Piedmont
B104	Wake County	County	1937	Wake	N	Y	5	Urban	Piedmont
B105	Wallace	Municipal	1965	Duplin	Y	Y	3	Rural	Coastal Plain
B106	Walnut Cove	Municipal	1969	Stokes	Y	N	3	Rural	Piedmont
B107	Warren County	County	1935	Warren	N	Y	3	Rural	Piedmont
B108	Warsaw	Municipal	1965	Duplin	Y	N	3	Rural	Coastal Plain
B109	Washington County	County	1937	Washington	N	Y	3	Rural	Coastal Plain

Appendix A.1: ABC Boards – Descriptive Information

Board Number	Board Name	Type of System	Year Established	County(ies) of Operation	County Is Dry	Mixed-Beverage Sales	Board Members	Rural vs. Urban County	Geographic Region
B124	Waxhaw	Municipal	1977	Union	Y	N	3	Rural	Piedmont
B110	Wayne County	County	1937	Wayne	N	Y	5	Rural	Coastal Plain
B111	Waynesville	Municipal	1967	Haywood	Y	Y	3	Rural	Mountain
B018	West Columbus	Municipal	2005	Columbus	Y	N	3	Rural	Coastal Plain
B161	West Jefferson	Municipal	2007	Ashe	Y	Y	3	Rural	Mountain
B112	Whiteville	Municipal	1967	Columbus	Y	Y	3	Rural	Coastal Plain
B113	Wilkesboro	Municipal	1965	Wilkes	Y	Y	3	Rural	Mountain
B114	Wilson County	County	1935	Wilson	N	Y	3	Rural	Coastal Plain
B171	Woodfin	Municipal	2006	Buncombe	Y	Y	3	Urban	Mountain
B117	Youngsville	Municipal	1971	Franklin	Y	N	3	Rural	Piedmont

Appendix A.2: ABC Boards – 2007 Financial Data

Board Number	Board Name	Retail Sales	Mixed-Beverage Sales	Total Sales (including fortified wine)	Profit Before Distributions	Profit Percentage	Operating Expenses	Operating Margin	Profit Rank
B013	Alamance Municipal	\$ 6,425,519	\$ 1,395,338	\$ 7,820,857	\$ 767,442	9.69%	\$ 1,320,982	16.89%	53
B164	Albemarle	\$ 1,887,040	\$ 261,225	\$ 2,159,113	\$ 163,293	7.54%	\$ 391,020	18.11%	81
B001	Andrews	\$ 586,061	\$ -	\$ 591,229	\$ 50,170	8.47%	\$ 98,135	16.60%	65
B002	Angier	\$ 797,313	\$ -	\$ 798,291	\$ 54,564	6.83%	\$ 148,543	18.61%	88
B003	Asheville	\$ 13,667,914	\$ 6,163,909	\$ 19,892,773	\$ 2,845,425	13.56%	\$ 3,387,950	17.03%	11
B004	Beaufort County	\$ 3,394,542	\$ 277,136	\$ 3,683,291	\$ 225,399	6.10%	\$ 737,921	20.03%	101
B132	Belville	\$ 1,560,707	\$ -	\$ 1,560,707	\$ 160,639	10.26%	\$ 228,848	14.66%	45
B005	Bertie County	\$ 821,024	\$ -	\$ 821,024	\$ 3,189	0.39%	\$ 203,592	24.80%	151
B006	Bessemer City	\$ 539,109	\$ 672	\$ 542,863	\$ 33,854	6.22%	\$ 101,631	18.72%	99
B007	Black Mountain	\$ 1,431,547	\$ -	\$ 1,431,547	\$ 89,456	6.22%	\$ 273,434	19.10%	98
B008	Blowing Rock	\$ 886,344	\$ 845,546	\$ 1,739,259	\$ 269,301	15.33%	\$ 219,130	12.60%	6
B137	Boiling Spring Lakes	\$ 456,339	\$ 1,784	\$ 458,123	\$ 24,226	5.29%	\$ 88,949	19.42%	109
B152	Boone	\$ 4,024,187	\$ 37,477	\$ 4,089,242	\$ 461,677	11.33%	\$ 542,719	13.27%	27
B010	Brevard	\$ 1,977,282	\$ 436,763	\$ 2,437,234	\$ 233,918	9.59%	\$ 395,220	16.22%	54
B011	Brunswick	\$ 411,774	\$ -	\$ 411,774	\$ 33,832	8.20%	\$ 70,265	17.06%	69
B158	Brunswick County	\$ 1,696,514	\$ 387,499	\$ 2,084,013	\$ 130,134	6.42%	\$ 344,822	16.55%	94
B133	Bryson City	\$ 1,319,386	\$ 152,324	\$ 1,480,594	\$ 104,828	7.04%	\$ 281,314	19.00%	85
B012	Bunn	\$ 660,085	\$ -	\$ 660,481	\$ 45,269	6.84%	\$ 118,426	17.93%	87
B129	Calabash	\$ 1,171,581	\$ 268,724	\$ 1,452,776	\$ 147,187	10.07%	\$ 232,139	15.98%	47
B014	Camden County	\$ 985,057	\$ -	\$ 986,313	\$ 59,460	6.00%	\$ 191,592	19.43%	104
B140	Canton	\$ 941,896	\$ 24,410	\$ 971,486	\$ 30,907	3.22%	\$ 199,298	20.51%	125
B015	Carteret County	\$ 7,824,575	\$ 1,929,307	\$ 9,780,528	\$ 1,080,100	10.79%	\$ 1,647,602	16.85%	36
B016	Caswell County	\$ 1,584,939	\$ -	\$ 1,584,939	\$ 36,207	2.28%	\$ 362,822	22.89%	134
B017	Catawba County	\$ 10,643,000	\$ 2,448,921	\$ 13,130,982	\$ 1,469,042	11.18%	\$ 2,075,022	15.80%	29
B151	Chatham County	\$ 1,844,793	\$ 89,402	\$ 1,946,307	\$ 121,642	6.27%	\$ 368,013	18.91%	96
B145	Cherryville	\$ 746,747	\$ 10,526	\$ 759,994	\$ 26,913	3.52%	\$ 165,959	21.84%	121
B019	Chowan County	\$ 966,547	\$ 69,690	\$ 1,038,752	\$ 24,138	2.35%	\$ 226,890	21.84%	133
B020	Clinton	\$ 1,227,860	\$ 95,011	\$ 1,322,871	\$ 139,521	10.47%	\$ 202,169	15.28%	41
B157	Columbus	\$ 478,690	\$ 18,306	\$ 501,951	\$ 29,640	5.90%	\$ 97,221	19.37%	105
B022	Concord	\$ 6,967,286	\$ 1,767,373	\$ 8,774,199	\$ 849,856	9.54%	\$ 1,519,957	17.32%	55
B155	Cooleemee	\$ 564,846	\$ 7,199	\$ 573,918	\$ 11,436	1.98%	\$ 131,755	22.96%	137
B172	Cramerton	\$ 207,254	\$ 19,359	\$ 227,307	\$ (36,336)	-15.99%	\$ 99,409	43.73%	155
B023	Craven County	\$ 5,449,107	\$ 1,205,208	\$ 6,682,777	\$ 732,563	10.89%	\$ 1,017,423	15.22%	33
B024	Cumberland County	\$ 14,309,120	\$ 5,361,512	\$ 19,727,890	\$ 2,360,138	11.89%	\$ 2,901,153	14.71%	23
B025	Currituck County	\$ 3,275,701	\$ 371,459	\$ 3,702,240	\$ 425,462	11.49%	\$ 509,054	13.75%	25
B026	Dare County	\$ 9,015,769	\$ 2,893,370	\$ 12,069,284	\$ 1,872,200	15.39%	\$ 1,346,943	11.16%	5
B121	Dobson	\$ 503,580	\$ -	\$ 503,580	\$ 31,702	6.24%	\$ 99,271	19.71%	97

Appendix A.2: ABC Boards – 2007 Financial Data

Board Number	Board Name	Retail Sales	Mixed-Beverage Sales	Total Sales (including fortified wine)	Profit Before Distributions	Profit Percentage	Operating Expenses	Operating Margin	Profit Rank
B027	Dunn	\$ 1,711,275	\$ 147,576	\$ 1,858,851	\$ 184,752	9.89%	\$ 281,403	15.14%	48
B028	Durham County	\$ 15,578,785	\$ 4,070,606	\$ 19,707,344	\$ 1,774,334	8.92%	\$ 3,455,524	17.53%	60
B148	Eden	\$ 1,352,916	\$ 188,794	\$ 1,546,166	\$ 117,886	7.61%	\$ 275,932	17.85%	79
B029	Edgecombe County	\$ 3,385,321	\$ 80,669	\$ 3,465,990	\$ 183,189	5.25%	\$ 691,487	19.95%	110
B144	Elizabethtown	\$ 996,053	\$ 28,368	\$ 1,027,184	\$ 126,918	12.28%	\$ 134,296	13.07%	19
B146	Elkin	\$ 1,173,394	\$ 9,805	\$ 1,190,098	\$ 113,828	9.43%	\$ 200,018	16.81%	56
B031	Fairmont	\$ 460,371	\$ -	\$ 461,073	\$ 15,188	3.28%	\$ 101,151	21.94%	124
B159	Fletcher	\$ 1,981,015	\$ 109,577	\$ 2,100,028	\$ 263,704	12.49%	\$ 270,991	12.90%	17
B168	Forest City	\$ 1,304,126	\$ 86,047	\$ 1,398,752	\$ 109,172	7.77%	\$ 246,806	17.64%	75
B160	Franklin	\$ 2,063,588	\$ 115,794	\$ 2,205,399	\$ 83,998	3.80%	\$ 468,135	21.23%	119
B033	Franklinton	\$ 610,746	\$ -	\$ 612,163	\$ 13,921	2.27%	\$ 138,302	22.59%	135
B034	Garland	\$ 221,894	\$ -	\$ 221,894	\$ 3,977	1.79%	\$ 50,441	22.73%	139
B035	Gastonia	\$ 5,718,474	\$ 1,574,940	\$ 7,322,367	\$ 793,005	10.69%	\$ 1,162,634	15.88%	38
B036	Gates County	\$ 468,062	\$ -	\$ 468,062	\$ 12,310	2.60%	\$ 109,257	23.34%	129
B156	Gibsonville	\$ 586,369	\$ 28,118	\$ 615,307	\$ 15,271	2.47%	\$ 139,709	22.71%	131
B037	Granite Falls	\$ 817,075	\$ 26,631	\$ 843,706	\$ 35,583	4.20%	\$ 178,679	21.18%	117
B038	Granville County	\$ 2,613,836	\$ 91,863	\$ 2,705,699	\$ 316,131	11.62%	\$ 373,656	13.81%	24
B039	Greene County	\$ 547,673	\$ -	\$ 547,738	\$ 16,330	2.96%	\$ 126,472	23.09%	126
B040	Greensboro	\$ 21,595,317	\$ 8,514,071	\$ 30,187,045	\$ 3,731,595	12.33%	\$ 4,174,199	13.83%	18
B041	Halifax County	\$ 3,578,717	\$ 238,503	\$ 3,817,220	\$ 258,103	6.72%	\$ 749,959	19.65%	89
B042	Hamlet	\$ 706,380	\$ 19,055	\$ 725,435	\$ 40,407	5.55%	\$ 143,341	19.76%	107
B043	Hendersonville	\$ 3,693,583	\$ 874,581	\$ 4,594,372	\$ 388,009	8.40%	\$ 808,827	17.60%	67
B045	Hertford	\$ 672,547	\$ 7,669	\$ 680,216	\$ 51,287	7.53%	\$ 121,014	17.79%	82
B044	Hertford County	\$ 1,573,898	\$ 81,323	\$ 1,655,221	\$ 84,986	5.10%	\$ 355,215	21.46%	111
B165	High Country	\$ 2,088,252	\$ 641,597	\$ 2,737,905	\$ 381,170	13.83%	\$ 335,020	12.24%	10
B123	High Point	\$ 9,043,428	\$ 1,997,976	\$ 11,074,533	\$ 1,005,629	9.04%	\$ 1,895,409	17.12%	59
B126	Highlands	\$ 1,258,296	\$ 117,598	\$ 1,391,737	\$ 151,554	10.80%	\$ 209,470	15.05%	35
B046	Hoke County	\$ 685,834	\$ 50,853	\$ 736,687	\$ 76,453	10.38%	\$ 107,117	14.54%	44
B130	Hyde County	\$ 420,493	\$ 57,494	\$ 477,987	\$ (241)	-0.05%	\$ 123,152	25.76%	152
B049	Johnston County	\$ 7,277,432	\$ 941,178	\$ 8,244,766	\$ 924,318	11.12%	\$ 1,223,401	14.84%	30
B050	Jones County	\$ 868,235	\$ -	\$ 868,235	\$ 9,817	1.13%	\$ 205,543	23.67%	143
B051	Kenansville	\$ 329,166	\$ 23,403	\$ 352,569	\$ 8,614	2.43%	\$ 90,770	25.75%	132
B154	Kings Mountain	\$ 977,500	\$ 3,286	\$ 984,827	\$ 8,181	0.83%	\$ 230,984	23.45%	145
B136	Lake Lure	\$ 473,968	\$ 196,608	\$ 670,576	\$ 52,838	7.83%	\$ 125,191	18.67%	74
B052	Lake Waccamaw	\$ 275,168	\$ -	\$ 275,168	\$ 9,190	3.30%	\$ 62,791	22.82%	123
B141	Laurel Park	\$ 965,416	\$ 114,569	\$ 1,088,593	\$ 78,511	7.12%	\$ 210,687	19.35%	84
B125	Lenoir	\$ 2,500,781	\$ 230,051	\$ 2,741,962	\$ 268,180	9.76%	\$ 436,176	15.91%	52

Appendix A.2: ABC Boards – 2007 Financial Data

Board Number	Board Name	Retail Sales	Mixed-Beverage Sales	Total Sales (including fortified wine)	Profit Before Distributions	Profit Percentage	Operating Expenses	Operating Margin	Profit Rank
B053	Lenoir County	\$ 2,519,614	\$ 249,371	\$ 2,768,985	\$ 139,660	5.02%	\$ 565,275	20.41%	112
B054	Lexington	\$ 2,789,910	\$ 204,048	\$ 2,993,958	\$ 244,310	8.13%	\$ 515,709	17.22%	70
B128	Liberty	\$ 685,329	\$ -	\$ 685,329	\$ 23,838	3.47%	\$ 145,114	21.17%	122
B055	Lillington	\$ 658,259	\$ 38,991	\$ 697,250	\$ 60,497	8.65%	\$ 118,238	16.96%	62
B169	Lincoln County	\$ 1,388,704	\$ 197,849	\$ 1,594,259	\$ 141,859	8.89%	\$ 261,853	16.42%	61
B056	Lincolnton	\$ 1,732,930	\$ 218,439	\$ 1,958,141	\$ 204,669	10.41%	\$ 298,192	15.23%	42
B173	Locust*								
B058	Louisburg	\$ 989,651	\$ 43,656	\$ 1,033,307	\$ 101,715	9.79%	\$ 159,169	15.40%	50
B153	Lumberton	\$ 2,336,686	\$ 423,991	\$ 2,770,741	\$ 181,907	6.56%	\$ 517,181	18.67%	92
B059	Madison	\$ 925,661	\$ 23,567	\$ 949,228	\$ 41,492	4.35%	\$ 198,868	20.95%	115
B134	Maggie Valley	\$ 891,726	\$ 287,943	\$ 1,188,195	\$ 181,541	14.29%	\$ 224,211	18.87%	9
B150	Marion	\$ 1,695,470	\$ 157,146	\$ 1,860,132	\$ 206,255	11.05%	\$ 270,071	14.52%	32
B060	Martin County	\$ 1,422,572	\$ 59,277	\$ 1,481,849	\$ 66,914	4.51%	\$ 304,035	20.52%	114
B061	Maxton	\$ 371,679	\$ -	\$ 371,679	\$ (4,472)	-1.20%	\$ 95,679	25.74%	153
B062	Mecklenburg County	\$ 55,011,414	\$ 33,401,637	\$ 88,744,608	\$ 14,765,757	16.14%	\$ 11,067,484	12.47%	2
B063	Monroe	\$ 3,967,532	\$ 754,821	\$ 4,722,353	\$ 573,050	12.13%	\$ 620,297	13.14%	20
B064	Montgomery-Municipal	\$ 1,275,997	\$ 45,495	\$ 1,321,492	\$ 7,069	0.53%	\$ 331,207	25.06%	149
B065	Moore County	\$ 5,542,157	\$ 2,071,072	\$ 7,653,337	\$ 1,040,063	13.53%	\$ 968,906	12.66%	12
B066	Mooreville	\$ 5,747,841	\$ 1,166,646	\$ 6,951,643	\$ 780,747	11.26%	\$ 982,080	14.13%	28
B067	Morganton	\$ 2,569,448	\$ 327,454	\$ 2,908,711	\$ 450,279	15.40%	\$ 301,004	10.35%	4
B131	Mount Airy	\$ 1,802,100	\$ 219,420	\$ 2,030,252	\$ 201,291	9.85%	\$ 324,628	15.99%	49
B170	Mount Holly	\$ 1,355,617	\$ -	\$ 1,359,313	\$ 89,257	6.59%	\$ 237,489	17.47%	91
B068	Mount Pleasant	\$ 506,510	\$ -	\$ 506,510	\$ 3,241	0.64%	\$ 124,638	24.61%	146
B138	Murphy	\$ 2,993,688	\$ 37,991	\$ 3,060,632	\$ 352,635	11.48%	\$ 414,309	13.54%	26
B069	Nash County	\$ 6,604,786	\$ 879,439	\$ 7,500,373	\$ 780,135	10.38%	\$ 1,161,387	15.48%	43
B070	New Hanover County	\$ 19,507,057	\$ 10,244,788	\$ 29,751,845	\$ 4,723,838	15.78%	\$ 3,284,986	11.04%	3
B071	Newton Grove	\$ 342,613	\$ -	\$ 342,613	\$ 7,011	2.05%	\$ 77,626	22.66%	136
B072	North Wilkesboro	\$ 923,881	\$ 75,880	\$ 1,002,489	\$ 25,417	2.53%	\$ 225,858	22.53%	130
B073	Northampton County	\$ 987,404	\$ -	\$ 987,404	\$ 4,607	0.47%	\$ 246,954	25.01%	150
B074	Norwood	\$ 377,066	\$ 4,375	\$ 381,441	\$ 5,651	1.48%	\$ 88,946	23.32%	141
B166	Oak Island	\$ 1,375,045	\$ 345,078	\$ 1,720,123	\$ 157,337	9.16%	\$ 278,274	16.18%	58
B075	Ocean Isle Beach	\$ 1,093,353	\$ 342,718	\$ 1,460,031	\$ 95,505	6.53%	\$ 293,561	20.11%	93
B076	Onslow County	\$ 7,143,603	\$ 3,048,471	\$ 10,222,978	\$ 1,238,072	12.06%	\$ 1,444,908	14.13%	22
B077	Orange County	\$ 8,926,853	\$ 3,373,078	\$ 12,337,535	\$ 1,022,083	8.24%	\$ 2,254,422	18.27%	68
B078	Pamlico County	\$ 918,830	\$ 76,341	\$ 1,000,023	\$ 76,262	7.61%	\$ 177,900	17.79%	78
B079	Pasquotank County	\$ 1,959,497	\$ 581,789	\$ 2,541,451	\$ 273,104	10.78%	\$ 375,160	14.76%	37
B080	Pembroke	\$ 493,921	\$ -	\$ 493,921	\$ (34,837)	-7.43%	\$ 109,862	22.24%	154

Appendix A.2: ABC Boards – 2007 Financial Data

Board Number	Board Name	Retail Sales	Mixed-Beverage Sales	Total Sales (including fortified wine)	Profit Before Distributions	Profit Percentage	Operating Expenses	Operating Margin	Profit Rank
B081	Pender County	\$ 3,738,483	\$ 300,161	\$ 4,038,644	\$ 322,467	7.98%	\$ 698,476	17.29%	72
B082	Person County	\$ 2,120,038	\$ 173,155	\$ 2,293,193	\$ 287,366	12.51%	\$ 293,715	12.81%	16
B083	Pitt County	\$ 9,202,251	\$ 3,076,994	\$ 12,311,616	\$ 1,636,084	13.19%	\$ 1,605,941	13.04%	13
B084	Pittsboro	\$ 625,750	\$ -	\$ 625,750	\$ 3,446	0.55%	\$ 151,291	24.18%	148
B085	Randleman	\$ 2,479,787	\$ 79,510	\$ 2,573,141	\$ 330,649	12.80%	\$ 326,623	12.69%	14
B119	Red Springs	\$ 488,808	\$ -	\$ 488,808	\$ 7,978	1.63%	\$ 113,393	23.20%	140
B086	Reidsville	\$ 1,678,370	\$ 138,760	\$ 1,817,130	\$ 102,056	5.64%	\$ 339,917	18.71%	106
B087	Rockingham	\$ 1,290,174	\$ 93,388	\$ 1,383,562	\$ 85,183	6.16%	\$ 265,185	19.17%	100
B088	Roseboro	\$ 512,924	\$ -	\$ 512,924	\$ 23,646	4.60%	\$ 101,025	19.70%	113
B089	Rowan/Kannapolis	\$ 6,790,312	\$ 810,848	\$ 7,627,675	\$ 213,286	2.82%	\$ 1,650,638	21.64%	127
B090	Rowland	\$ 165,162	\$ -	\$ 165,162	\$ 1,000	0.61%	\$ 40,233	24.36%	147
B135	Rutherfordton	\$ 919,539	\$ 90,657	\$ 1,017,050	\$ 37,336	3.67%	\$ 219,518	21.58%	120
B091	Saint Pauls	\$ 806,656	\$ -	\$ 808,509	\$ 44,761	5.53%	\$ 155,258	19.20%	108
B092	Sanford	\$ 3,312,470	\$ 491,229	\$ 3,818,413	\$ 408,798	10.58%	\$ 604,956	15.84%	40
B093	Scotland County	\$ 1,426,408	\$ 65,861	\$ 1,492,269	\$ 115,504	7.72%	\$ 264,857	17.75%	76
B094	Shalotte	\$ 1,223,657	\$ 189,536	\$ 1,413,193	\$ 154,050	10.88%	\$ 208,181	14.73%	34
B122	Shelby	\$ 2,803,309	\$ 295,896	\$ 3,111,214	\$ 199,304	6.40%	\$ 606,667	19.94%	95
B149	Siler City	\$ 984,493	\$ 10,099	\$ 998,865	\$ 72,651	7.25%	\$ 184,282	18.45%	83
B095	Southport	\$ 1,333,547	\$ 353,853	\$ 1,699,283	\$ 256,049	14.99%	\$ 183,690	10.81%	8
B096	Sparta	\$ 732,216	\$ 37,104	\$ 771,914	\$ 71,436	9.23%	\$ 125,849	16.30%	57
B120	Statesville	\$ 3,364,987	\$ 609,326	\$ 3,983,844	\$ 503,298	12.59%	\$ 521,336	13.09%	15
B097	Sunset Beach	\$ 868,190	\$ 145,592	\$ 1,028,343	\$ 79,104	7.69%	\$ 200,886	19.53%	77
B098	Sylva	\$ 2,038,920	\$ 607,479	\$ 2,669,432	\$ 404,040	15.04%	\$ 298,963	11.20%	7
B139	Tabor City	\$ 543,850	\$ -	\$ 544,846	\$ 38,377	7.01%	\$ 97,230	17.85%	86
B099	Taylorsville	\$ 857,550	\$ 4,075	\$ 864,249	\$ 74,468	8.61%	\$ 147,633	17.08%	63
B167	Thomasville	\$ 2,141,274	\$ 147,759	\$ 2,289,033	\$ 139,480	6.05%	\$ 442,718	19.34%	103
B115	Triad Municipal	\$ 23,052,085	\$ 5,158,706	\$ 28,323,761	\$ 2,868,659	10.14%	\$ 4,380,347	15.47%	46
B100	Tryon	\$ 336,292	\$ 102,898	\$ 443,821	\$ 18,898	4.26%	\$ 92,654	20.88%	116
B101	Tyrrell County	\$ 244,734	\$ -	\$ 244,734	\$ 20,691	8.44%	\$ 47,701	19.49%	66
B102	Vance County	\$ 2,603,966	\$ 186,421	\$ 2,790,387	\$ 274,686	9.78%	\$ 439,571	15.75%	51
B103	Wadesboro	\$ 1,064,006	\$ 19,181	\$ 1,085,984	\$ 66,824	6.10%	\$ 212,304	19.55%	102
B104	Wake County	\$ 46,675,077	\$ 19,952,154	\$ 66,799,530	\$ 12,701,484	18.71%	\$ 5,732,004	8.58%	1
B105	Wallace	\$ 1,015,324	\$ 59,349	\$ 1,074,673	\$ 129,820	12.08%	\$ 136,419	12.69%	21
B106	Walnut Cove	\$ 699,007	\$ -	\$ 701,816	\$ 27,989	3.99%	\$ 146,511	20.88%	118
B107	Warren County	\$ 1,494,901	\$ 36,926	\$ 1,531,827	\$ 29,177	1.90%	\$ 321,820	21.01%	138
B108	Warsaw	\$ 438,552	\$ 6,560	\$ 445,112	\$ 4,960	1.11%	\$ 105,238	23.64%	144
B109	Washington County	\$ 677,296	\$ 3,120	\$ 680,416	\$ 9,896	1.43%	\$ 171,192	25.16%	142

Appendix A.2: ABC Boards – 2007 Financial Data

Board Number	Board Name	Retail Sales	Mixed-Beverage Sales	Total Sales (including fortified wine)	Profit Before Distributions	Profit Percentage	Operating Expenses	Operating Margin	Profit Rank
B124	Waxhaw	\$ 838,929	\$ -	\$ 838,929	\$ 63,303	7.55%	\$ 145,280	17.32%	80
B110	Wayne County	\$ 5,007,930	\$ 732,853	\$ 5,742,748	\$ 492,325	8.52%	\$ 1,029,538	17.93%	64
B111	Waynesville	\$ 2,086,372	\$ 29,184	\$ 2,126,783	\$ 237,587	11.07%	\$ 319,116	15.00%	31
B018	West Columbus	\$ 529,908	\$ -	\$ 529,908	\$ 41,997	7.85%	\$ 92,457	17.45%	73
B161	West Jefferson*								
B112	Whiteville	\$ 891,480	\$ 103,519	\$ 994,999	\$ 106,599	10.64%	\$ 168,227	16.91%	39
B113	Wilkesboro	\$ 1,208,601	\$ 169,225	\$ 1,383,226	\$ 92,110	6.64%	\$ 260,135	18.81%	90
B114	Wilson County	\$ 4,940,166	\$ 583,191	\$ 5,534,614	\$ 450,175	8.09%	\$ 984,889	17.80%	71
B171	Woodfin*								
B117	Youngsville	\$ 624,311	\$ -	\$ 624,311	\$ 17,073	2.73%	\$ 136,958	21.94%	128

Note: Asterisks denote the board did not operate a store in FY 2006-07

Appendix A.3: ABC Boards – 2007 Distributions

Board Number	Board Name	Law Enforcement	Alcohol Treatment, Education, or Research	City & County Distributions	Other Distributions	Total Distributions	Working Capital
B013	Alamance Municipal	\$ 63,835	\$ -	\$ 385,508	\$ 64,238	\$ 513,581	\$1,235,644
B164	Albemarle	\$ 4,953	\$ 6,935	\$ 5,000	\$ -	\$ 16,888	\$168,934
B001	Andrews	\$ 10,000	\$ -	\$ 3,500	\$ -	\$ 13,500	\$142,357
B002	Angier	\$ 1,487	\$ -	\$ 31,659	\$ 5,308	\$ 38,454	\$89,521
B003	Asheville	\$ 131,786	\$ 159,476	\$ 1,254,927	\$ -	\$ 1,546,189	\$1,678,432
B004	Beaufort County	\$ 22,209	\$ 6,361	\$ 188,205	\$ -	\$ 216,775	\$571,745
B132	Belville	\$ 5,628	\$ -	\$ 135,011	\$ -	\$ 140,639	\$145,919
B005	Bertie County	\$ -	\$ -	\$ 3,189	\$ -	\$ 3,189	\$231,324
B006	Bessemer City	\$ -	\$ -	\$ 5,201	\$ -	\$ 5,201	\$185,565
B007	Black Mountain	\$ 4,566	\$ 3,196	\$ 81,694	\$ -	\$ 89,456	\$159,300
B008	Blowing Rock	\$ 11,160	\$ 15,625	\$ 195,000	\$ -	\$ 221,785	\$289,504
B137	Boiling Spring Lakes	\$ 508	\$ -	\$ 23,718	\$ -	\$ 24,226	\$41,267
B152	Boone	\$ 17,066	\$ 23,893	\$ 387,813	\$ -	\$ 428,772	\$150,000
B010	Brevard	\$ 8,693	\$ -	\$ 205,884	\$ -	\$ 214,577	\$241,019
B011	Brunswick	\$ 9,600	\$ -	\$ 9,785	\$ 515	\$ 19,900	\$123,854
B158	Brunswick County	\$ 3,691	\$ 5,167	\$ 30,000	\$ -	\$ 38,858	\$281,334
B133	Bryson City	\$ 3,017	\$ 4,224	\$ 38,759	\$ -	\$ 46,000	\$342,393
B012	Bunn	\$ 1,244	\$ 1,742	\$ 36,283	\$ -	\$ 39,269	\$93,048
B129	Calabash	\$ 6,020	\$ -	\$ 91,000	\$ 39,000	\$ 136,020	\$383,144
B014	Camden County	\$ 1,487	\$ 2,081	\$ 53,098	\$ -	\$ 56,666	\$181,485
B140	Canton	\$ 59	\$ 59	\$ -	\$ -	\$ 118	\$129,948
B015	Carteret County	\$ 55,912	\$ -	\$ 564,721	\$ -	\$ 620,633	\$375,146
B016	Caswell County	\$ -	\$ -	\$ 11,510	\$ 24,697	\$ 36,207	\$374,116
B017	Catawba County	\$ 89,470	\$ 55,500	\$ 754,652	\$ -	\$ 899,622	\$1,509,858
B151	Chatham County	\$ 3,108	\$ 4,351	\$ -	\$ -	\$ 7,459	\$572,078
B145	Cherryville	\$ 4,800	\$ -	\$ 15,000	\$ -	\$ 19,800	\$221,279
B019	Chowan County	\$ -	\$ -	\$ -	\$ -	\$ -	\$175,595
B020	Clinton	\$ 5,000	\$ -	\$ 96,800	\$ 24,200	\$ 126,000	\$350,834
B157	Columbus	\$ 735	\$ 1,028	\$ 10,000	\$ -	\$ 11,763	\$90,358
B022	Concord	\$ 26,708	\$ -	\$ 259,824	\$ -	\$ 286,532	\$2,814,759
B155	Cooleemee	\$ -	\$ -	\$ 4,000	\$ -	\$ 4,000	\$73,527
B172	Cramerton	\$ -	\$ -	\$ -	\$ -	\$ -	\$78,444
B023	Craven County	\$ 34,479	\$ -	\$ 319,014	\$ -	\$ 353,493	\$1,112,426
B024	Cumberland County	\$ 350,598	\$ 125,002	\$ 1,491,572	\$ -	\$ 1,967,172	\$2,400,000
B025	Currity County	\$ 16,102	\$ 22,542	\$ -	\$ -	\$ 38,644	\$447,450
B026	Dare County	\$ 153,168	\$ 76,584	\$ 801,131	\$ 592,278	\$ 1,623,161	\$1,839,287
B121	Dobson	\$ 906	\$ 1,268	\$ 16,404	\$ -	\$ 18,578	\$141,375
B027	Dunn	\$ 6,405	\$ -	\$ 130,000	\$ -	\$ 136,405	\$325,693
B028	Durham County	\$ 208,636	\$ 79,078	\$ 833,333	\$ -	\$ 1,121,047	\$1,606,822
B148	Eden	\$ 3,564	\$ 4,990	\$ 105,508	\$ -	\$ 114,062	\$255,424
B029	Edgecombe County	\$ 40,501	\$ -	\$ 122,688	\$ 20,000	\$ 183,189	\$651,316
B144	Elizabethtown	\$ 4,757	\$ 6,660	\$ 80,000	\$ -	\$ 91,417	\$212,196
B146	Elkin	\$ 3,878	\$ 5,429	\$ 72,000	\$ -	\$ 81,307	\$231,130
B031	Fairmont	\$ -	\$ -	\$ 20,000	\$ -	\$ 20,000	\$142,614
B159	Fletcher	\$ 10,009	\$ 14,012	\$ 55,590	\$ -	\$ 79,611	\$348,346
B168	Forest City	\$ 3,413	\$ 4,778	\$ -	\$ -	\$ 8,191	\$256,605
B160	Franklin	\$ 1,304	\$ 931	\$ 50,000	\$ -	\$ 52,235	\$131,541
B033	Franklinton	\$ -	\$ -	\$ 10,246	\$ -	\$ 10,246	\$68,128
B034	Garland	\$ -	\$ -	\$ -	\$ -	\$ -	\$23,801
B035	Gastonia	\$ 31,943	\$ -	\$ 608,000	\$ -	\$ 639,943	\$1,518,872

Appendix A.3: ABC Boards – 2007 Distributions

Board Number	Board Name	Law Enforcement	Alcohol Treatment, Education, or Research	City & County Distributions	Other Distributions	Total Distributions	Working Capital
B036	Gates County	\$ -	\$ -	\$ 2,000	\$ -	\$ 2,000	\$115,675
B156	Gibsonville	\$ -	\$ -	\$ -	\$ -	\$ -	\$61,619
B037	Granite Falls	\$ 955	\$ 860	\$ 32,526	\$ -	\$ 34,341	\$177,190
B038	Granville County	\$ 11,603	\$ -	\$ 228,396	\$ -	\$ 239,999	\$516,202
B039	Greene County	\$ -	\$ -	\$ 3,266	\$ -	\$ 3,266	\$135,940
B040	Greensboro	\$ 176,159	\$ 167,192	\$ 3,282,349	\$ 5,895	\$ 3,631,595	\$1,118,549
B041	Halifax County	\$ 13,500	\$ -	\$ 158,806	\$ -	\$ 172,306	\$529,760
B042	Hamlet	\$ 888	\$ 1,243	\$ 38,276	\$ -	\$ 40,407	\$169,537
B043	Hendersonville	\$ 40,200	\$ 24,345	\$ 165,000	\$ 55,000	\$ 284,545	\$1,026,797
B045	Hertford	\$ 3,046	\$ 1,523	\$ 46,718	\$ -	\$ 51,287	\$63,883
B044	Hertford County	\$ -	\$ -	\$ 37,502	\$ -	\$ 37,502	\$441,442
B165	High Country	\$ 15,219	\$ 21,306	\$ 240,000	\$ -	\$ 276,525	\$402,212
B123	High Point	\$ 53,464	\$ 40,000	\$ 605,977	\$ 50,000	\$ 749,441	\$1,118,920
B126	Highlands	\$ 5,578	\$ 7,809	\$ -	\$ -	\$ 13,387	\$434,734
B046	Hoke County	\$ 7,315	\$ 5,121	\$ 64,017	\$ -	\$ 76,453	\$123,945
B130	Hyde County	\$ -	\$ -	\$ -	\$ -	\$ -	(\$3,382)
B049	Johnston County	\$ 33,902	\$ 13,000	\$ 650,000	\$ -	\$ 696,902	\$1,820,449
B050	Jones County	\$ -	\$ -	\$ -	\$ -	\$ -	\$128,151
B051	Kenansville	\$ -	\$ -	\$ 14,000	\$ -	\$ 14,000	\$89,743
B154	Kings Mountain	\$ 3,680	\$ 3,680	\$ 11,071	\$ -	\$ 18,431	\$208,494
B136	Lake Lure	\$ 1,683	\$ 2,358	\$ 13,147	\$ -	\$ 17,188	\$196,260
B052	Lake Waccamaw	\$ 29	\$ 40	\$ -	\$ -	\$ 69	\$97,385
B141	Laurel Park	\$ 4,641	\$ 3,249	\$ 59,597	\$ 8,905	\$ 76,392	\$165,192
B125	Lenoir	\$ 9,146	\$ 9,146	\$ 200,000	\$ 24,989	\$ 243,281	\$219,726
B053	Lenoir County	\$ 8,906	\$ -	\$ -	\$ -	\$ 8,906	\$434,671
B054	Lexington	\$ 7,653	\$ -	\$ 236,000	\$ -	\$ 243,653	\$462,271
B128	Liberty	\$ 5,000	\$ 360	\$ 18,478	\$ -	\$ 23,838	\$72,664
B055	Lillington	\$ 1,943	\$ 5,739	\$ -	\$ -	\$ 7,682	\$76,264
B169	Lincoln County	\$ -	\$ -	\$ -	\$ -	\$ -	\$197,926
B056	Lincolnton	\$ 20,000	\$ 10,193	\$ 174,476	\$ -	\$ 204,669	\$231,875
B173	Locust*						
B058	Louisburg	\$ 10,580	\$ 4,937	\$ 78,198	\$ -	\$ 93,715	\$226,240
B153	Lumberton	\$ 4,934	\$ -	\$ -	\$ -	\$ 4,934	\$208,712
B059	Madison	\$ 601	\$ 120	\$ 26,532	\$ 2,948	\$ 30,201	\$233,012
B134	Maggie Valley	\$ 7,363	\$ -	\$ -	\$ -	\$ 7,363	\$339,877
B150	Marion	\$ 7,513	\$ 10,519	\$ 188,223	\$ -	\$ 206,255	\$252,830
B060	Martin County	\$ 1,058	\$ -	\$ -	\$ -	\$ 1,058	\$341,169
B061	Maxton	\$ -	\$ -	\$ -	\$ -	\$ -	\$64,347
B062	Mecklenburg County	\$ 1,611,120	\$ 2,844,287	\$ 4,250,000	\$ 223,685	\$ 8,929,092	\$8,295,589
B063	Monroe	\$ 101,911	\$ 31,470	\$ 261,923	\$ 87,307	\$ 482,611	\$388,468
B064	Montgomery-Municipal	\$ 1,500	\$ -	\$ 13,500	\$ -	\$ 15,000	\$312,714
B065	Moore County	\$ 142,552	\$ 40,000	\$ 662,020	\$ -	\$ 844,572	\$702,658
B066	Mooreville	\$ 29,195	\$ -	\$ 461,000	\$ -	\$ 490,195	\$955,134
B067	Morganton	\$ 53,948	\$ 35,301	\$ 351,390	\$ -	\$ 440,639	\$199,807
B131	Mount Airy	\$ 10,065	\$ -	\$ 177,076	\$ -	\$ 187,141	\$293,375
B170	Mount Holly	\$ 2,359	\$ 3,302	\$ -	\$ -	\$ 5,661	\$31,525
B068	Mount Pleasant	\$ -	\$ -	\$ -	\$ -	\$ -	\$97,068
B138	Murphy	\$ 90,000	\$ -	\$ 128,571	\$ -	\$ 218,571	\$730,321
B069	Nash County	\$ 175,200	\$ 38,756	\$ 356,693	\$ -	\$ 570,649	\$700,850
B070	New Hanover County	\$ 260,000	\$ -	\$ 2,873,328	\$ -	\$ 3,133,328	\$3,213,090

Appendix A.3: ABC Boards – 2007 Distributions

Board Number	Board Name	Law Enforcement	Alcohol Treatment, Education, or Research	City & County Distributions	Other Distributions	Total Distributions	Working Capital
B071	Newton Grove	\$ -	\$ -	\$ 5,000	\$ -	\$ 5,000	\$90,566
B072	North Wilkesboro	\$ 1,400	\$ -	\$ 18,000	\$ 2,000	\$ 21,400	\$194,123
B073	Northampton County	\$ 2,250	\$ -	\$ 17,959	\$ -	\$ 20,209	\$133,643
B074	Norwood	\$ -	\$ -	\$ -	\$ -	\$ -	\$56,049
B166	Oak Island	\$ 5,368	\$ -	\$ 136,772	\$ -	\$ 142,140	\$191,276
B075	Ocean Isle Beach	\$ 62,684	\$ -	\$ 48,842	\$ -	\$ 111,526	\$383,932
B076	Onslow County	\$ 47,230	\$ 66,122	\$ 623,227	\$ 69,247	\$ 805,826	\$1,279,550
B077	Orange County	\$ 93,418	\$ 95,612	\$ 450,840	\$ -	\$ 639,870	\$2,193,136
B078	Pamlico County	\$ 2,316	\$ 3,242	\$ 60,704	\$ -	\$ 66,262	\$187,786
B079	Pasquotank County	\$ 9,932	\$ -	\$ 212,286	\$ -	\$ 222,218	\$161,443
B080	Pembroke	\$ -	\$ -	\$ -	\$ -	\$ -	\$100,555
B081	Pender County	\$ 10,038	\$ 4,016	\$ 276,300	\$ 10,038	\$ 300,392	\$509,535
B082	Person County	\$ 28,000	\$ 15,234	\$ 195,306	\$ -	\$ 238,540	\$233,920
B083	Pitt County	\$ 154,153	\$ 93,138	\$ 900,000	\$ -	\$ 1,147,291	\$1,847,343
B084	Pittsboro	\$ -	\$ -	\$ -	\$ -	\$ -	\$47,721
B085	Randleman	\$ 12,607	\$ -	\$ 238,532	\$ 79,510	\$ 330,649	\$281,792
B119	Red Springs	\$ 51	\$ -	\$ -	\$ -	\$ 51	\$145,167
B086	Reidsville	\$ 25,000	\$ -	\$ 48,031	\$ 7,706	\$ 80,737	\$79,145
B087	Rockingham	\$ 4,281	\$ 2,140	\$ 78,762	\$ -	\$ 85,183	\$246,117
B088	Roseboro	\$ 2,000	\$ -	\$ 2,000	\$ -	\$ 4,000	\$52,201
B089	Rowan/Kannapolis	\$ 107,522	\$ -	\$ 15,000	\$ -	\$ 122,522	\$817,545
B090	Rowland	\$ -	\$ -	\$ -	\$ -	\$ -	\$39,135
B135	Rutherfordton	\$ 22,018	\$ -	\$ 4,500	\$ 3,000	\$ 29,518	\$286,840
B091	Saint Pauls	\$ 1,060	\$ -	\$ 43,962	\$ -	\$ 45,022	\$192,782
B092	Sanford	\$ 71,297	\$ 20,665	\$ 140,000	\$ -	\$ 231,962	\$915,093
B093	Scotland County	\$ 3,480	\$ 4,872	\$ 107,429	\$ -	\$ 115,781	\$172,432
B094	Shalotte	\$ 25,450	\$ -	\$ 48,000	\$ 12,000	\$ 85,450	\$372,470
B122	Shelby	\$ 10,532	\$ 7,372	\$ 169,870	\$ -	\$ 187,774	\$543,990
B149	Siler City	\$ 1,954	\$ 2,736	\$ 34,610	\$ -	\$ 39,300	\$146,879
B095	Southport	\$ 10,359	\$ -	\$ 159,695	\$ 85,995	\$ 256,049	\$111,101
B096	Sparta	\$ 7,007	\$ -	\$ 63,064	\$ -	\$ 70,071	\$139,410
B120	Statesville	\$ 57,375	\$ 26,957	\$ 192,666	\$ 184,404	\$ 461,402	\$316,895
B097	Sunset Beach	\$ 2,470	\$ -	\$ 19,312	\$ 10,399	\$ 32,181	\$102,933
B098	Sylva	\$ 16,504	\$ 23,106	\$ 200,000	\$ -	\$ 239,610	\$454,957
B139	Tabor City	\$ 17,500	\$ -	\$ 16,273	\$ 857	\$ 34,630	\$122,694
B099	Taylorsville	\$ 2,384	\$ 3,338	\$ 51,485	\$ 17,162	\$ 74,369	\$68,040
B167	Thomasville	\$ 3,454	\$ 4,835	\$ 50,000	\$ -	\$ 58,289	\$398,829
B115	Triad Municipal	\$ 364,488	\$ -	\$ 1,311,587	\$ 602,579	\$ 2,278,654	\$1,386,248
B100	Tryon	\$ -	\$ -	\$ -	\$ -	\$ -	\$80,580
B101	Tyrrell County	\$ 651	\$ 914	\$ -	\$ -	\$ 1,565	\$39,970
B102	Vance County	\$ 47,170	\$ -	\$ 227,516	\$ -	\$ 274,686	\$323,284
B103	Wadesboro	\$ 8,000	\$ -	\$ 50,000	\$ -	\$ 58,000	\$248,999
B104	Wake County	\$ 802,723	\$ 3,776,100	\$ 5,249,710	\$ -	\$ 9,828,533	\$16,348,760
B105	Wallace	\$ 9,800	\$ -	\$ 100,200	\$ -	\$ 110,000	\$217,184
B106	Walnut Cove	\$ 4,198	\$ -	\$ 18,231	\$ 3,472	\$ 25,901	\$118,431
B107	Warren County	\$ -	\$ -	\$ 23,647	\$ -	\$ 23,647	\$102,461
B108	Warsaw	\$ -	\$ -	\$ -	\$ -	\$ -	\$23,816
B109	Washington County	\$ -	\$ -	\$ -	\$ -	\$ -	\$147,152
B124	Waxhaw	\$ 2,041	\$ 2,857	\$ 2,000	\$ -	\$ 6,898	\$67,494
B110	Wayne County	\$ 14,750	\$ 3,000	\$ 213,556	\$ -	\$ 231,306	\$891,105

Appendix A.3: ABC Boards – 2007 Distributions

Board Number	Board Name	Law Enforcement	Alcohol Treatment, Education, or Research	City & County Distributions	Other Distributions	Total Distributions	Working Capital
B111	Waynesville	\$ 13,778	\$ 8,611	\$ 112,611	\$ -	\$ 135,000	\$554,434
B018	West Columbus	\$ 1,247	\$ -	\$ 1,712	\$ 90	\$ 3,049	\$143,729
B161	West Jefferson*						
B112	Whiteville	\$ 8,936	\$ -	\$ 47,149	\$ 2,481	\$ 58,566	\$248,722
B113	Wilkesboro	\$ 4,000	\$ -	\$ 68,400	\$ 7,600	\$ 80,000	\$276,492
B114	Wilson County	\$ 14,111	\$ -	\$ 200,000	\$ -	\$ 214,111	\$830,117
B171	Woodfin*						
B117	Youngsville	\$ -	\$ -	\$ 17,073	\$ -	\$ 17,073	\$66,064

Note: Asterisks denote the board did not operate a store in FY 2006-07

Appendix A.4: ABC Boards – 2008 Survey Data

Board Number	Board Name	Total Employees	Full-Time Employees	Part-Time Employees	Total Stores	Retail Stores	Counter Stores	Retail Square Footage
B013	Alamance Municipal	26	23	3	4	4	0	7,830
B164	Albemarle	9	3	6	1	1	0	3,100
B001	Andrews	4	0	4	1	1	0	1,000
B002	Angier	5	2	3	1	0	1	0
B003	Asheville	57	33	24	7	7	0	20,178
B004	Beaufort County	18	13	5	6	6	0	7,512
B132	Belville	6	4	2	1	1	0	1,890
B005	Bertie County	5	3	2	2	2	0	2,007
B006	Bessemer City	7	1	6	1	1	0	120
B007	Black Mountain	5	4	1	1	1	0	1,428
B008	Blowing Rock	9	2	7	1	1	0	1,548
B137	Boiling Spring Lakes	4	1	3	1	1	0	2,000
B152	Boone	7	7	0	1	1	0	2,315
B010	Brevard	6	5	1	1	1	0	2,500
B011	Brunswick	5	1	4	1	1	0	60
B158	Brunswick County	9	6	3	2	2	0	2,800
B133	Bryson City	4	4	0	1	1	0	2,500
B012	Bunn	4	1	3	1	1	0	1,420
B129	Calabash	11	3	8	1	1	0	1,872
B014	Camden County	9	2	7	2	2	0	2,058
B140	Canton	6	2	4	1	1	0	1,400
B015	Carteret County	43	21	22	6	6	0	23,800
B016	Caswell County	16	3	13	4	4	0	2,950
B017	Catawba County	60	38	22	8	8	0	17,544
B151	Chatham County	9	4	5	3	3	0	3,172
B145	Cherryville	7	1	6	1	1	0	1,400
B019	Chowan County	6	2	4	1	1	0	2,489
B020	Clinton	5	3	2	1	1	0	1,536
B157	Columbus	4	0	4	1	1	0	1,500
B022	Concord	36	18	18	5	5	0	8,200
B155	Cooleemee	3	3	0	1	1	0	2,700
B172	Cramerton	7	1	6	1	1	0	1,900
B023	Craven County	32	17	15	5	5	0	9,060
B024	Cumberland County	67	53	14	10	10	0	25,100
B025	Currituck County	9	7	2	3	3	0	5,300
B026	Dare County	25	25	0	5	5	0	9,618
B121	Dobson	3	1	2	1	1	0	1,408
B027	Dunn	11	3	8	2	2	0	7,587
B028	Durham County	73	52	21	9	7	2	16,271
B148	Eden	7	5	2	1	1	0	1,800
B029	Edgecombe County	22	9	13	6	5	1	8,000
B144	Elizabethtown	6	3	3	1	1	0	900
B146	Elkin	3	3	0	1	1	0	2,325
B031	Fairmont	4	2	2	1	1	0	2,440
B159	Fletcher	7	2	5	1	1	0	4,225
B168	Forest City	7	3	4	1	1	0	3,000
B160	Franklin	10	2	8	1	1	0	3,500
B033	Franklinton	4	2	2	1	1	0	855
B034	Garland	3	2	1	1	1	0	828
B035	Gastonia	37	10	27	5	5	0	10,622
B036	Gates County	5	3	2	2	0	2	0
B156	Gibsonville	5	2	3	1	1	0	1,300
B037	Granite Falls	5	3	2	1	1	0	2,000

Appendix A.4: ABC Boards – 2008 Survey Data

Board Number	Board Name	Total Employees	Full-Time Employees	Part-Time Employees	Total Stores	Retail Stores	Counter Stores	Retail Square Footage
B038	Granville County	12	7	5	2	2	0	2,000
B039	Greene County	8	1	7	2	1	1	1,600
B040	Greensboro	80	54	26	13	13	0	22,791
B041	Halifax County	36	6	30	5	4	1	7,094
B042	Hamlet	10	2	8	1	1	0	0
B043	Hendersonville	18	12	6	2	2	0	4,800
B045	Hertford	3	2	1	1	1	0	1,400
B044	Hertford County	8	5	3	3	1	2	1,850
B165	High Country	7	6	1	1	1	0	1,500
B123	High Point	35	25	10	6	6	0	13,270
B126	Highlands	5	3	2	1	1	0	900
B046	Hoke County	9	2	7	1	1	0	1,350
B130	Hyde County	3	2	1	2	1	1	600
B049	Johnston County	23	20	3	7	7	0	10,838
B050	Jones County	9	2	7	3	3	0	2,817
B051	Kenansville	3	1	2	1	0	1	0
B154	Kings Mountain	6	3	3	1	1	0	1,350
B136	Lake Lure	3	1	2	1	1	0	1,700
B052	Lake Waccamaw	3	1	2	1	0	1	0
B141	Laurel Park	6	2	4	1	1	0	1,570
B125	Lenoir	15	5	10	2	2	0	4,200
B053	Lenoir County	12	6	6	3	3	0	3,500
B054	Lexington	13	7	6	2	2	0	3,555
B128	Liberty	6	1	5	1	1	0	1,862
B055	Lillington	4	2	2	1	1	0	3,000
B169	Lincoln County	8	2	6	1	1	0	2,016
B056	Lincolnton	13	9	4	1	1	0	1,900
B173	Locust	8	3	5	1	1	0	1,600
B058	Louisburg	4	3	1	1	1	0	1,081
B153	Lumberton	12	9	3	2	2	0	4,400
B059	Madison	4	3	1	1	1	0	1,404
B134	Maggie Valley	6	4	2	1	1	0	1,520
B150	Marion	7	5	2	1	1	0	1,680
B060	Martin County	8	4	4	2	2	0	2,344
B061	Maxton	3	2	1	1	1	0	980
B062	Mecklenburg County	203	116	87	23	23	0	81,830
B063	Monroe	11	7	4	1	1	0	3,000
B064	Montgomery-Municipal	10	6	4	2	2	0	2,818
B065	Moore County	24	11	13	4	4	0	6,332
B066	Mooresville	27	7	20	3	3	0	7,135
B067	Morganton	7	5	2	1	1	0	2,310
B131	Mount Airy	7	6	1	1	1	0	1,520
B170	Mount Holly	9	1	8	1	1	0	2,388
B068	Mount Pleasant	4	2	2	1	1	0	1,360
B138	Murphy	10	7	3	1	1	0	1,752
B069	Nash County	37	21	16	9	9	0	24,300
B070	New Hanover County	38	38	0	7	7	0	27,000
B071	Newton Grove	4	1	3	1	0	1	0
B072	North Wilkesboro	5	3	2	1	1	0	2,500
B073	Northampton County	13	4	9	4	0	4	0
B074	Norwood	3	1	2	1	1	0	1,620
B166	Oak Island	6	4	2	1	1	0	1,548
B075	Ocean Isle Beach	6	3	3	1	1	0	1,290

Appendix A.4: ABC Boards – 2008 Survey Data

Board Number	Board Name	Total Employees	Full-Time Employees	Part-Time Employees	Total Stores	Retail Stores	Counter Stores	Retail Square Footage
B076	Onslow County	31	21	10	6	6	0	10,000
B077	Orange County	40	29	11	7	7	0	12,450
B078	Pamlico County	5	5	0	2	2	0	2,712
B079	Pasquotank County	6	4	2	1	1	0	2,750
B080	Pembroke	4	2	2	1	0	1	0
B081	Pender County	14	10	4	5	5	0	4,127
B082	Person County	21	5	16	2	1	1	3,350
B083	Pitt County	40	31	9	10	10	0	21,650
B084	Pittsboro	4	1	3	1	1	0	1,360
B085	Randleman	8	4	4	1	1	0	2,115
B119	Red Springs	5	2	3	1	1	0	1,400
B086	Reidsville	7	5	2	1	1	0	2,475
B087	Rockingham	9	5	4	2	2	0	3,096
B088	Roseboro	3	2	1	1	1	0	480
B089	Rowan/Kannapolis	41	20	21	7	7	0	14,151
B090	Rowland	2	1	1	1	0	1	1,071
B135	Rutherfordton	4	4	0	1	1	0	1,600
B091	Saint Pauls	6	3	3	1	1	0	178
B092	Sanford	18	9	9	2	2	0	4,600
B093	Scotland County	6	4	2	1	1	0	1,900
B094	Shalotte	6	3	3	1	1	0	1,600
B122	Shelby	11	9	2	2	2	0	6,200
B149	Siler City	6	3	3	1	1	0	2,030
B095	Southport	6	4	2	1	1	0	1,800
B096	Sparta	5	3	2	1	1	0	1,300
B120	Statesville	20	8	12	2	2	0	7,700
B097	Sunset Beach	6	4	2	1	1	0	2,200
B098	Sylva	9	4	5	1	1	0	3,800
B139	Tabor City	3	1	2	1	1	0	1,500
B099	Taylorsville	4	3	1	1	1	0	1,064
B167	Thomasville	14	10	4	2	2	0	3,976
B115	Triad Municipal	119	59	60	15	14	1	40,396
B100	Tryon	4	1	3	1	1	0	1,150
B101	Tyrrell County	3	1	2	1	1	0	1,415
B102	Vance County	9	7	2	2	2	0	3,200
B103	Wadesboro	6	3	3	1	1	0	1,853
B104	Wake County	103	80	23	21	20	1	33,123
B105	Wallace	7	2	5	1	1	0	1,380
B106	Walnut Cove	5	2	3	1	1	0	950
B107	Warren County	17	3	14	3	3	0	2,090
B108	Warsaw	6	1	5	1	1	0	1,073
B109	Washington County	7	2	5	1	1	0	1,170
B124	Waxhaw	5	3	2	1	1	0	1,700
B110	Wayne County	26	18	8	6	6	0	12,190
B111	Waynesville	7	4	3	1	1	0	1,200
B018	West Columbus	3	1	2	1	1	0	750
B161	West Jefferson	5	1	4	1	1	0	1,200
B112	Whiteville	5	3	2	1	1	0	1,400
B113	Wilkesboro	5	4	1	1	1	0	2,585
B114	Wilson County	25	19	6	7	7	0	11,450
B171	Woodfin	6	5	1	1	1	0	4,200
B117	Youngsville	3	3	0	1	1	0	1,820

Appendix B: Evaluation Site Visits to Selected ABC Boards

Board Number	Board Name	Number of Stores	County of Operation	Type of System	Rural vs. Urban County	Geographic Region	Profit % (2007)	Site Visit Date
B013	Alamance Municipal	4	Alamance	Merged	Urban	Piedmont	9.69%	7/31/2008
B003	Asheville	7	Buncombe	Municipal	Urban	Mountain	13.56%	8/12/2008
B008	Blowing Rock	1	Watauga	Municipal	Rural	Mountain	15.33%	8/4/2008
B158	Brunswick County	2	Brunswick	County	Rural	Coastal	6.42%	8/5/2008
B151	Chatham County	3	Chatham	County	Rural	Piedmont	6.27%	7/30/2008
B026	Dare County	5	Dare	County	Rural	Coastal	15.39%	8/18/2008
B035	Gastonia	5	Gaston	Merged	Urban	Piedmont	10.69%	8/13/2008
B040	Greensboro	13	Guilford	Merged	Urban	Piedmont	12.33%	7/31/2008
B165	High Country	1	Avery	Merged	Rural	Mountain	13.83%	8/4/2008
B050	Jones County	3	Jones	County	Rural	Coastal	1.13%	8/7/2008
B153	Lumberton	2	Robeson	Municipal	Rural	Coastal	6.56%	8/6/2008
B061	Maxton	1	Robeson	Municipal	Rural	Coastal	-1.20%	8/7/2008
B062	Mecklenburg County	23	Mecklenburg	County	Urban	Piedmont	16.14%	8/13/2008
B067	Morganton	1	Burke	Municipal	Rural	Mountain	15.40%	8/12/2008
B170	Mount Holly	1	Gaston	Municipal	Urban	Piedmont	6.59%	8/12/2008
B070	New Hanover County	7	New Hanover	County	Urban	Coastal	15.78%	8/6/2008
B073	Northampton County	4	Northampton	County	Rural	Coastal	0.47%	9/5/2008
B166	Oak Island	1	Brunswick	Merged	Rural	Coastal	9.16%	8/5/2008
B076	Onslow County	6	Onslow	County	Rural	Coastal	12.06%	8/6/2008
B077	Orange County	7	Orange	County	Urban	Piedmont	8.24%	7/30/2008
B084	Pittsboro	1	Chatham	Municipal	Rural	Piedmont	0.55%	7/30/2008
B090	Rowland	1	Robeson	Municipal	Rural	Coastal	0.61%	8/6/2008
B094	Shalotte	1	Brunswick	Municipal	Rural	Coastal	10.88%	8/5/2008
B096	Sparta	1	Alleghany	Municipal	Rural	Mountain	9.23%	8/5/2008
B098	Sylva	1	Jackson	Municipal	Rural	Mountain	15.04%	8/11/2008
B115	Triad Municipal	15	Forsyth	Merged	Urban	Piedmont	10.14%	9/10/2008
B104	Wake County	21	Wake	County	Urban	Piedmont	18.71%	7/29/2008
B107	Warren County	3	Warren	County	Rural	Piedmont	1.90%	8/19/2008
B108	Warsaw	1	Duplin	Municipal	Rural	Coastal	1.11%	8/7/2008
B109	Washington County	1	Washington	County	Rural	Coastal	1.43%	8/18/2008
B171	Woodfin	1	Buncombe	Municipal	Urban	Mountain		8/11/2008

Survey of Local ABC Boards

WELCOME

The purpose of the evaluation is to evaluate the effectiveness of North Carolina's Alcohol Beverage Control System and identify improvement options including privatization of the system.

Your input is important to the results of this study because the information provided through this survey will be used to evaluate how the current Alcohol Beverage Control System operates in North Carolina.

Questions 1 through 4 request factual information about store operations, and this information will be reported by board name to the NC General Assembly, the NC ABC Commission, and the NC Association of ABC Boards. Responses to all other questions will be confidential and the data will be aggregated and not identified by individual board. Evaluation results will be available in December, 2008, at www.ncleg.net.

Please note that a portion of this survey asks you to report the following information that you may want to have on hand before beginning the survey:

Number of full-time and part-time employees (Please include vacant positions and law enforcement officers in your numbers. Do not include board members in your numbers)

Identify the number of counter vs. retail only stores.

Identify the number of stores leased, owned, and owned with debt.

Total number of retail square footage for all stores. (Please include any retail space. Retail space is defined by customer shopping area, not office or storage space)

Number of Board members and employees attending the following conferences:

NC Association of ABC Boards Supervisors Meeting – March 2008

National ABC Association Conference – May 2008

NC Association of ABC Boards Summer Conference – July 2008

The bar at the bottom of each page tracks your progress throughout the survey and requires no action on your part.

If you have any questions about how the survey tool works or need assistance with responding to the survey, please contact Sean Hamel at seanh@ncleg.net or 919-301-1425.

If you have questions about the content of the survey questions, please contact Carol Shaw at carolsh@ncleg.net or 919-301-1216

Please respond not later than AUGUST 6, 2008.

Thank you for your participation.

Using the drop-down box please select the Board you represent.

Tells us about your stores.

Survey of Local ABC Boards

Please provide the number of individuals employed by your Board in 2007. Include all vacant positions and law enforcement officers in this total. Do not include board members in the totals.

Number of Full Time Employees

Number of Part Time Employees

Tell us about the stores under your Board's authority. Please provide counts of the information listed. (Enter zero when the answer is none, and please do not use commas)

Total number of stores.

Number of retail stores.

Number of counter stores.

Number of your stores that are leased.

Number of your stores that you own.

Number of stores owned by your board that a debt is owed on the facility.

Total number of retail square footage for all stores. (Please include only retail space. Retail space as defined by customer shopping space, not office or storage space)

Please describe your stores payment options.

Other than cash, please indicate all accepted methods of payment from mixed beverage and from individual customers at your stores. Check all that apply.

	Mixed Beverage Customers	Individual Customers
Debit Card	<input type="checkbox"/>	<input type="checkbox"/>
Personal Check	<input type="checkbox"/>	<input type="checkbox"/>
Credit Card	<input type="checkbox"/>	<input type="checkbox"/>
Business Check	<input type="checkbox"/>	<input type="checkbox"/>
Certified Check	<input type="checkbox"/>	<input type="checkbox"/>

The following questions pertain to services provided to mixed beverage cust...

Does your Board sell liquor to mixed beverage customers?

Yes

No

Survey of Local ABC Boards

Where can mixed beverage customers pick-up orders?

Check box that applies. If you have only one store, check "any store location."

Any Store Location

Select Location(s)

Warehouse Only

If you checked Select Location(s) indicate the number of store(s) where mixed beverage customers can pick-up orders.

What days of the week do you allow mixed beverage customers to pick up orders from your stores? Please place a check next to each day you allow pick-ups.

Monday

Tuesday

Wednesday

Thursday

Friday

Saturday

Can mixed beverage customers pick up orders any time during normal operating hours?

Check the one box that applies. If no please explain.

Yes

No

If no please explain

Survey of Local ABC Boards

How far ahead must mixed beverage customers place their orders? Check box that applies.

Same day order/pick-up

24 Hour Notice

More than 24 hours notice

Tell us about conference attendance.

Did board members and/or employees of your Board attend at least one of the 2008 conferences held by the NC Association of ABC Boards or the National Alcohol Beverage Control Association?

Yes

No

Please give the number of BOARD MEMBERS your board paid expenses for to attend the following conferences/meetings.

Number of Board Members whose expenses were paid to attend the NC Association of ABC Boards Supervisors Meeting.
March, 2008

Number of Board Members whose expenses were paid to attend the National ABC Association Conference. May, 2008

Number of Board Members whose expenses were paid to attend the NC Association of ABC Boards Summer Conference.
July, 2008

Please give the number of EMPLOYEES your Board paid expenses for to attend the following conferences/meetings.

Number of employees whose expenses were paid to attend the NC Association of ABC Boards Supervisors Meeting.
March, 2008

Number of employees whose expenses were paid to attend the National ABC Association Conference. May, 2008

Number of employees whose expenses were paid to attend the NC Association of ABC Boards Summer Conference.
July, 2008

Is revenue from the sale of alcohol in your community distributed for alcohol and/or substance abuse treatment, education, or research?

Yes

No

Survey of Local ABC Boards

What is the role of your Board in determining who gets funding for alcohol and/or substance abuse treatment, education, or research in your community?

- Board does not determine who gets funding.
- Board determines some but not all who get funding.
- Board determines all who get funding.
- Board advises County Commissioners on who gets funding.

Please mark the appropriate box to show whether your Board has considered or made the following changes since January 1, 2006. If you have not considered or made the change, check "No". If the change does not apply to you (for example, if you already operate maximum legal hours), check "N/A."

	Made Change	Considered Change	No Change Made or Considered	N/A
Merging with another board.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Increasing number of stores.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Decreasing number of stores.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Increasing service hours.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Decreasing service hours.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Expanding store size.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Decreasing store size.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Relocating stores.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improving service for mixed beverage customers.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improving store appearance.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Allowing liquor broker merchandising.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please rate the following statements based upon your experience with State ABC warehouse operations. Mark the appropriate responses.

	Strongly Disagree	Disagree	Neither Agree Nor Disagree	Agree	Strongly Agree
Deliveries arrive as scheduled.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Liquor arrives in good condition.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Delivery times are convenient.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The warehouse has the products I need.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Assistance with unloading the truck is available upon request.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Survey of Local ABC Boards

Please rate the following statements based upon your opinion about the purpose of the ABC Board in your community. Mark the appropriate responses.

	Strongly Disagree	Disagree	Neither Agree Nor Disagree	Agree	Strongly Agree
The ABC Board controls access to alcohol sales in the community.	jñ	jñ	jñ	jñ	jñ
The ABC Board provides revenue to support the community.	jñ	jñ	jñ	jñ	jñ
The ABC Board provides a service to the community.	jñ	jñ	jñ	jñ	jñ
The ABC Board promotes the sale of alcohol in the community.	jñ	jñ	jñ	jñ	jñ
The ABC Board provides a positive retail experience for customers.	jñ	jñ	jñ	jñ	jñ

Checking each number only once , please rank order these statements in order of importance. Number 1 indicates what you see as the most important responsibility of the board. Number 5 indicates the least important responsibility of the board.

	1 Most Important Responsibility	2	3	4	5 Least Important Responsibility
The ABC Board controls access to alcohol sales in the community.	jñ	jñ	jñ	jñ	jñ
The ABC Board provides revenue to support the community.	jñ	jñ	jñ	jñ	jñ
The ABC Board provides a service to the community.	jñ	jñ	jñ	jñ	jñ
The ABC Board promotes the sale of alcohol in the community.	jñ	jñ	jñ	jñ	jñ
The ABC Board provides a positive retail experience for customers.	jñ	jñ	jñ	jñ	jñ

In the space below please provide suggestions for how the NC System of Alcohol Beverage Control can be improved.

Survey of Local ABC Boards

Thank you for taking the time to participate in this survey!



State of North Carolina
ALCOHOLIC BEVERAGE CONTROL COMMISSION

DOUGLAS A. FOX
CHAIRMAN

4307 MAIL SERVICE CENTER
RALEIGH, NC 27699-4307

COMMISSION MEMBERS:
JOHN D. LYON, JR.
RALEIGH

MICHAEL C. HERRING
ADMINISTRATOR

(919) 779-0700
FAX (919) 661-5927

October 31, 2008

Mr. John W. Turcotte, Director
Program Evaluation Division
North Carolina General Assembly
300 N. Salisbury Street, Suite 100
Raleigh, NC 27603-5925

Dear Mr. Turcotte,

Thank you for the opportunity to respond to the preliminary draft of your evaluation of North Carolina's Alcohol Beverage Control (ABC) System which focused on the operational effectiveness and efficiency of the 158 local ABC boards. As your study found, North Carolina's ABC control system plays an important role in the State's economy. Not only are there no General Fund appropriations involved in the operation of the system, including the ABC Commission, the control system generates millions of dollars in annual revenue distributions to the state and local governments. Additionally, your findings revealed that the ABC system has fewer retail outlets and lower per capita consumption, yet receives more public revenue per wine gallon in comparison to other states. Based on these findings, it would appear that the current control system works well for North Carolina by insuring moderate consumption and a superior revenue stream.

With regards to your recommendations, the Commission concurs that more can be done to maximize the operating efficiency of certain ABC Boards within the control system. In addition to the changing attitudes toward alcohol, your review accurately shows that some boards have not kept pace with demographic and economic changes in their localities. In a letter dated August 14, 2007 to Governor Easley (attached), I proposed several recommendations for improvement that are similar to yours. While much progress has been made recently toward increasing customer service and profitability within the system, more needs to be done in rural areas and in areas where multiple ABC boards compete for the same customers.

Program Evaluation Division
North Carolina General Assembly
October 31, 2008
Page 2

In conclusion, the Commission and its entire staff stand ready to assist the General Assembly's Joint Legislative Program Evaluation Oversight Committee in any additional study or refinement of the North Carolina ABC Statutes that will improve the effectiveness and operating efficiency of the current system of control in our great state.

Respectfully,

A handwritten signature in black ink, appearing to read "Douglas A. Fox". The signature is written in a cursive style with a large, stylized initial "D".

Douglas A. Fox
Chairman



State of North Carolina
ALCOHOLIC BEVERAGE CONTROL COMMISSION

DOUGLAS A. FOX
CHAIRMAN

4307 MAIL SERVICE CENTER
RALEIGH, NC 27699-4307

COMMISSION MEMBERS:

MIKE A. JOYNER
CHARLOTTE

MICHAEL C. HERRING
ADMINISTRATOR

(919) 779-0700
FAX (919) 661-5927

JOHN D. LYON, JR
RALEIGH

August 14, 2007

Governor Michael F. Easley
Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

Dear Governor Easley,

As we recently discussed, there has been remarkable improvement in the overall operation of the local ABC board system during the past 3 years. In my first year as ABC Chairman, nineteen of the 155 local ABC boards were unprofitable and losing money. Presently there are only six. Additionally, many ABC boards throughout the state are beginning to recognize the importance of operating modern, customer friendly stores. We have some of the most modern stores in New Hanover County and this board consistently ranks at the top of all ABC boards in profit percentage to sales. While there has been much improvement recently, more needs to be done to improve the ABC board system and unfortunately, the Commission is limited in oversight authority.

We have several recommendations for the next legislative session that could improve the operating efficiency of the ABC system.

- First, the election procedure for new ABC systems needs to be changed. As smaller communities approve ABC stores, they begin competing with existing ABC stores causing inefficiencies at both locations. Our recommendation would be that the number of registered voters needs to increase from 500 in a city ABC store election to 5,000.
- Second, while the Commission has authority to approve mergers of ABC boards, more authority needs to be given to the Commission to require and promote mergers under certain circumstances.
- Third, local boards determine when stores operate in accordance with the ABC Statutes. However, the Commission needs more authority in mandating how certain stores operate, such as store hours and how they are managed, particularly in the area of customer service to businesses holding ABC mixed drink permits.

We have also made progress in the area of alcohol responsibility and education. We now have eight staff members devoted to: promoting zero tolerance for underage possession and consumption of alcohol; educating adults on the negative consequences of irresponsible consumption of alcoholic beverages; and providing responsible seller/server classes to business holding ABC permits. I would request that we ask the legislature for increased positions in this important area also.

Finally, we appreciate the First Lady's participation at the ABC Association's summer conference. We have received many compliments on the important work that she provides to the youth of North Carolina.

Very truly yours,

Douglas A. Fox
Chairman

LOCATION: 3322 GARNER ROAD, RALEIGH, NC 27610

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

www.ncabc.com