

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003

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HOUSE DRH60189-LYx-51A (3/3)

Short Title: Increase Alcohol Excise Taxes. (Public)

Sponsors: Representatives Luebke, Bordsen, and Insko (Primary Sponsors).

Referred to:

A BILL TO BE ENTITLED

AN ACT TO RESTORE THE PREVIOUS RATE OF EXCISE TAX ON LIQUOR; TO ALLOW FOR SALES OF HIGHER-ALCOHOL CONTENT MALT BEVERAGES; TO RAISE BEER AND WINE TAXES; AND TO DIRECT A PORTION OF THE PROCEEDS OF THESE TAX INCREASES TO SUBSTANCE ABUSE TREATMENT.

The General Assembly of North Carolina enacts:

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

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

(a) Beer. – An excise tax of five and seven-tenths cents (5.7¢) per twelve ounces is levied on the sale of high-alcohol content malt beverages. An excise tax of fifty-three and one hundred seventy-seven one thousandths cents (53.177¢) per gallonfive cents (5¢) per twelve ounces is levied on the sale of other malt beverages.

(b) Wine. – An excise tax of twenty-one cents (21¢) per liter is levied on the sale of unfortified wine, and an excise tax of twenty-four cents (24¢) per liter is levied on the sale of fortified wine.

(c) Liquor. – An excise tax of ~~twenty-five percent (25%)~~twenty-eight percent (28%) is levied on liquor sold in ABC stores. Pursuant to G.S. 18B-804(b), the price of liquor on which this tax is computed is the distiller's price plus (i) the State ABC warehouse freight and bailment charges, and (ii) a markup for local ABC boards."

SECTION 2.(a) G.S. 18B-101(9) reads as rewritten:

"§ 18B-101. Definitions.

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

...

(9) "Malt beverage" means beer, lager, malt liquor, ale, porter, and any other brewed or fermented beverage containing at least one-half of one

1 percent (0.5%), and not more than ~~six percent (6%)~~, seven percent
2 (7%) alcohol by volume."

3 **SECTION 2.(b)** G.S. 105-113.68(a) is amended by adding a new
4 subdivision to read:

5 "(a) Definitions. – As used in this Article, unless the context clearly requires
6 otherwise:

7 ...

8 (5a) 'High-alcohol content malt beverage' means a malt beverage
9 containing more than six percent (6%) and not more than seven
10 percent (7%) alcohol by volume."

11 **SECTION 3.** Part 4 of Article 2C of Chapter 105 of the General Statutes is
12 amended by adding a new section to read:

13 **"§ 105-113.80A. Surtax on beer and wine.**

14 (a) Surtax. – In addition to the excise taxes on beer and wine imposed in G.S.
15 105-113.80(a) and (b), every taxpayer required to file a return under those subsections
16 must pay the surtax levied by this section. The surtax is due at the time prescribed for
17 paying the excise taxes under this Article. The amount of the surtax is as follows:

18 (1) Beer. – An additional excise tax of five and seven-tenths cents (5.7¢)
19 per twelve ounces is levied on the sale of high-alcohol content malt
20 beverages. An additional excise tax of five cents (5¢) per twelve
21 ounces is levied on the sale of other malt beverages.

22 (2) Wine. – An additional excise tax of twenty-one cents (21¢) per liter is
23 levied on the sale of unfortified wine, and an additional excise tax of
24 twenty-four cents (24¢) per liter is levied on the sale of fortified wine.

25 (b) Distribution. – The surtax levied by this section is not subject to the
26 distribution under G.S. 105-113.81A or G.S. 105-113.82. The Secretary must credit the
27 proceeds of the surtax levied by this section to the General Fund."

28 **SECTION 4.** In order to pay for its costs of postage, printing, and computer
29 programming to implement this act, the Department of Revenue may withhold not more
30 than seventy-five thousand dollars (\$75,000) from collections under this section during
31 the 2003-2004 fiscal year.

32 **SECTION 5.** There is appropriated from the General Fund to the
33 Department of Health and Human Services the sum of twelve million dollars
34 (\$12,000,000) for each fiscal year of the 2003-2005 fiscal biennium for substance abuse
35 services.

36 **SECTION 6.** Sections 1 through 3 of this act become effective November 1,
37 2003. The remainder of this act becomes effective July 1, 2003.