A BILL TO BE ENTITLED
AN ACT TO MODERNIZE THE LICENSURE MODEL UTILIZED BY THE STATE FOR
THE SALE OF SPIRITUOUS LIQUOR.
The General Assembly of North Carolina enacts:

PART I. REVISIONS TO CHAPTER 18B OF THE GENERAL STATUTES
SECTION 1.(a) Chapter 18B of the General Statutes reads as rewritten:

"Chapter 18B.
"Regulation of Alcoholic Beverages.
"Article 1.
"General Provisions.

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

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

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

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

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

(6a) "Finance officer" means the local board employee, other than a general
manager, who is responsible for keeping the accounts of the local board,
receiving and depositing receipts, disbursing funds, and any other duties
assigned by the local board or Commission.
"General manager" means the local board employee who is responsible for the oversight of daily operations of the ABC system and any other duties assigned by the local board or Commission. The board may designate only one employee to be the general manager.

"Local board" means a city or county ABC board, or local board created pursuant to the provisions of G.S. 18B-703. A local board is an independent local political subdivision of the State. Nothing in this Chapter shall be construed as constituting a local board the agency of a city or county or of the Commission.

(13a) (See note) "Special ABC area" means an area that meets the following requirements:

Either:

a. The area has fewer than 500 permanent residents, and the area:
   1. Is located in a county that borders another state, that has at least one city that has approved the operation of an ABC store, in which the off-premises sale of spirituous liquor is lawful, and in which the sale of unfortified wine and malt beverages is permitted countywide or in one city; and
   …

b. The area has more than 500 permanent residents, and the area:
   1. Is located in a county:
      I. Where ABC stores have heretofore been established the off-premises sale of spirituous liquor is lawful, but in which the sale of mixed beverages has not been approved;
      …
      III. Borders on a county where ABC stores have heretofore been established by petition pursuant to law, the off-premises sale of spirituous liquor is lawful; and
      …
   c. The area is an area of a county where the following requirements are met:
      …
      2. ABC stores have been established. The off-premises sale of spirituous liquor is lawful in the county and the sale of mixed beverages is allowed in six or more municipalities;
      …

§ 18B-110. Emergency.
When the Governor finds that an emergency, as that term is defined in G.S. 166A-19.3, exists anywhere in this State, the Governor may

(1) Order the closing of all ABC stores; and
(2) Order the cessation of all sales, transportation, manufacture, and bottling of alcoholic beverages.

The Governor's order shall apply in those portions of the State designated in the order, for the duration of the state of emergency. Any order by the Governor under this section shall be directed to the Chairman of the Commission and to the Secretary of Public Safety.

§ 18B-112. Tribal alcoholic beverage control.
(b) Compliance Required. – The Eastern Band of Cherokee Indians shall comply with the following provisions of this Chapter to the extent they apply to or can be made applicable to the tribe:

1. The following provisions of Article 1. – General Provisions.


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

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

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

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

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

1. The permittee or his agent or employee or the local board or its agent or employee negligently sold or furnished an alcoholic beverage to an underage person; and

2. The consumption of the alcoholic beverage that was sold or furnished to an underage person caused or contributed to, in whole or in part, an underage driver’s being subject to an impairing substance within the meaning of G.S. 20-138.1 at the time of the injury; and
(3) The injury that resulted was proximately caused by the underage driver's negligent operation of a vehicle while so impaired.

... § 18B-124. Joint and several liability.

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

... § 18B-201. Conflict of interest; gifts.

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

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

(c) Dealing for Family Members. – Neither the Commission nor any local board shall contract or otherwise deal in any business matter so that a member, member's spouse or any person related to the member by blood to a degree of first cousin or closer in any way financially benefits, directly or indirectly, from the transaction unless:

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

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

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

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

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

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

(1) The financial benefit that accrues to the local ABC board member, the local ABC board member's spouse or any person related to the local ABC board member by blood to a degree of first cousin or closer, or a business with which the local ABC board member is associated is one that is accrued as a member of a profession, occupation, or general class and is no greater than that which
could reasonably be foreseen to accrue to all members of that profession, occupation, or general class.

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

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

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

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

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

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

... A local board member shall not improperly use or improperly disclose any confidential information.

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

§ 18B-202. Discharge upon conviction.

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

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

(a) Powers. – The Commission shall have authority to:

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

§ 18B-208. ABC Commission bonds and funds.
(a) Issuance of Bonds. — As a means of raising the funds needed from time to time in the
design, acquisition, construction, equipping, maintenance and operation of a warehouse under
G.S. 18B-204(a)(3), the Commission may, with the approval of the Governor, at one time or from
time to time issue negotiable revenue bonds of the Commission. The issuance of revenue bonds
shall not directly or indirectly or contingently obligate the State to levy or to pledge any form of
taxation or to make any appropriation for their payment. Revenue bonds issued pursuant to this
subsection shall be repaid from the bailment surcharge as provided in subsection (b). These bonds
and the income from them are exempt from all taxation within the State.

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

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

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

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

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

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

§ 18B-305. Other prohibited sales.

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

§ 18B-403. Purchase-transportation permit.

(b) Issuance of Permit. — A purchase-transportation permit may be issued by:
   (1) The local board chairman;
   (2) A member of the local board;
The general manager or supervisor of the local board; or
The manager or assistant manager of an ABC store, if he is authorized to issue permits by the local board chairman by a holder of a permit issued pursuant to G.S. 18B-1001 that allows the sale of the applicable alcoholic beverage.

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

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

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

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

"§ 18B-405. Transportation by permittee.

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


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

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

(e) Sale Procedure. – The sale of unfortified wine or wine, fortified wine, and spirituous liquor shall be by public auction unless those wines or spirituous liquor would likely become spoiled or lose value in the time required to arrange a public auction. If spoilage or loss
of value is likely, the judge ordering the sale or the Commission may authorize sale at the
prevailing wholesale price, as determined by the Commission, to one or more persons holding
the appropriate retail wine or spirituous liquor permits in the county in which the wine or
spirituous liquor was seized, or in a neighboring county if there are no such persons in the county
in which the wine or spirituous liquor was seized. Spirituous liquor may be sold only to the local
ABC board serving the city or county in which the liquor was seized, or, if there is no local board
for that city or county, to the nearest local board. The sale price shall be at least ten percent (10%)
less than the price the local board would pay for the same liquor bought through the State
warehouse.

§ 18B-504. Forfeiture.

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

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

... "Article 6.

"Elections.

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

(a) Kinds of Elections. – The following kinds of alcoholic beverage elections
shall be permitted:

1. Malt beverage;
2. Unfortified wine;
3. ABC store; and
4. Off-Premises Spirituous liquor.

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

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

1. The city has a population of 500 or more according to the most recent federal
decennial census.
2. The city operates an ABC store already voted to allow the off-premises sale
of spirituous liquor.
3. The city has a population of 400 or more but less than 500 according to the
most recent federal decennial census and had a population of 500 or more
according to the prior federal decennial census.
Certain City Malt Beverage and Unfortified Wine Elections. – A city may hold a malt beverage or unfortified wine election only if all of the following criteria are met:

1. The county in which more than fifty percent (50%) of the area of the primary corporate limits of the city is located has already held such an election, and the vote in the last county election was against the sale of that kind of alcoholic beverage.
2. The city has a population of 200 or more.
3. The county in which more than fifty percent (50%) of the area of the primary corporate limits of the city is located also contains three or more other cities that have previously voted to allow malt beverage or unfortified wine sales.

City ABC Store Off-Premises Spirituous Liquor Elections. – A city may hold an ABC store off-premises spirituous liquor election only if:

1. The city has at least 1,000 registered voters; and
2. The county in which the city is located does not allow the off-premises sale of spirituous liquor.

City Mixed Beverage Elections. – A city may hold a mixed beverage election if the city has at least 500 registered voters. Provided, that if a city that qualifies for an election under this subsection approves the sale of mixed beverages, mixed beverages permittees in the city may purchase liquor from the ABC store designated by the local ABC board that has been approved by the Commission for this purpose.

Small City Mixed Beverage Elections. – A city may also hold a mixed beverage election if the city has at least 300 registered voters and is located in a county with at least one other city that has approved the sale of mixed beverages. Provided, that if a city that qualifies for an election under this subsection approves the sale of mixed beverages, mixed beverages permittees in the smaller city may purchase liquor from the ABC store designated by any local ABC board in any other city that has approved the sale of mixed beverages.

This subsection shall not apply to Alamance, Avery, Burke, Caldwell, Carteret, Cleveland, Henderson, Onslow, Polk, Robeson, Rowan, Rutherford, and Wilkes Counties.

Ski Resorts ABC-Off-Premises Spirituous Liquor Elections. – Notwithstanding any other provisions of this section, any city that provides governmental services to as many as 1,000 snow skiers weekly during the normal ski season from December 1 through March 15, may hold an election authorized by subdivision (a)(1), (2), or (4) of this section. If the sale of mixed beverages is approved, purchase transportation permits shall be issued and the sales of liquor shall be made by any local board designated by the State ABC Commission.

Small Town Mixed Beverage Elections. – A town may hold a mixed beverage election if the town has at least 200 registered voters and is located in a county bordering the Neuse River and Pamlico Sound that has not approved the sale of mixed beverages and that county has only one city that has approved the sale of mixed beverages. Provided, that if a town that qualifies for an election under this subsection approves the sale of mixed beverages, mixed beverages permittees in the town may purchase liquor from the ABC store designated by any local ABC board in any other city that has approved the sale of mixed beverages.

Multicounty/City ABC-Off-Premises Spirituous Liquor Elections. – If a city is located in two or more counties, the following provisions shall apply:

1. The city may hold a malt beverage or unfortified wine election if any county in which a portion of the city is located has already held such an election, the vote in the last election of the particular type was against the sale of that type of alcoholic beverage, and the city has a population of 500 or more.
2. The city may hold a mixed beverage election if the city has at least 500 registered voters and a county in which a portion of the city is located operates ABC stores, voted to allow the off-premises sale of spirituous liquor, or a
municipality in either county in which the city is located operates an ABC store, voted to allow the off-premises sale of spirituous liquor.

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

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

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

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

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

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

An election may be called on any of the propositions listed in G.S. 18B-602(a), (d), and (h) in any township located within a county where the population of all cities in the county that have previously approved the sale of any kind of alcoholic beverages comprises more than twenty percent (20%) of the total county population as of the most recent federal census. In the case of subdivision (2) of this section, an election may be called in the two townships voting together on the proposition contained in G.S. 18B-602(h).
The election shall be held by the county board of elections upon request of the county board of commissioners or upon petition of twenty-five percent (25%) of the registered voters of the township, or in the case of subdivision (2) of this section, of the two townships taken together. The election shall be conducted and the results determined in the same manner as county elections held under this Article. For purposes of this Article, townships holding any election under this subsection shall be treated on the same basis as counties, and municipalities located within those townships shall be treated on the same basis as cities. In the case of an election under subdivision (2) of this subsection, the votes of the two townships counted together shall determine the result of the election.

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

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

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

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

"§ 18B-602. Form of ballots.

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

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

[ ] FOR
[ ] AGAINST

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

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

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

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

…

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

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

…

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

The Commission may issue the following permits:

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

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

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

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

…

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

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

"§ 18B-605. Local act elections.
If a jurisdiction has lawfully voted in favor of ABC stores the off-premises sale of spirituous liquor or in favor of the sale of some kind of alcoholic beverage, and the jurisdiction would not be eligible to hold another election under the conditions set by G.S. 18B-600, then that jurisdiction may continue to hold elections as though qualified under G.S. 18B-600. Except for the authority to hold the election, however, the procedures of this Chapter shall apply to any subsequent election.

"Article 9.
"Issuance of Permits.

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

"§ 18B-901. Issuance of permits.
(a) Who Issues. – All ABC permits shall be issued by the Commission. Purchase-transportation permits shall be issued by local boards under G.S. 18B-403 in accordance with G.S. 18B-403 or G.S. 18B-403.1.

"§ 18B-902. Application for permit; fees.
(a) Form. – An application for an ABC permit shall be on a form prescribed by the Commission and shall be notarized. Each person required to qualify under G.S. 18B-900(c) shall sign and swear to the application and shall submit a full set of fingerprints with the application.

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

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

The Department of Public Safety may charge each applicant a fee for conducting the checks of criminal history records authorized by this subsection.
Fees. – An application for an ABC permit shall be accompanied by payment of the following application fee:

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

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

(18) Wine importer permit – $300.00.

(19) Wine wholesaler permit – $300.00.

(20) Malt beverage importer permit – $300.00.

(21) Malt beverage wholesaler permit – $300.00.

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

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

(26) Nonresident wine vendor permit – $100.00.

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

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

§ 18B-904. Miscellaneous provisions concerning permits.

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

(1) The Department of Revenue;

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

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

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

(5) The ALE Branch.

(e) Business or Location No Longer Suitable. –

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

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

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

(h) Electronic Submission. – The Commission shall make all forms required by the Commission to apply for and receive a permit available on the Commission’s Web site, and the Commission shall allow for the electronic submission of these forms. Any form required by the Commission to apply for and receive a permit that requires a signature may be submitted with an electronic signature in accordance with Article 40 of Chapter 66 of the General Statutes. The Commission may charge a fee to be used to cover costs incurred by the Commission in processing forms electronically. The fee authorized under this subsection may not exceed five dollars ($5.00).
(a) Maximum Number of Permits. – The total number of off-premises spirituous liquor permits available for issuance under G.S. 18B-1001 is the sum of 1,500 base permits and any additional permits made available for issuance pursuant to subsection (b) of this section. The Commission shall make available for issuance one base permit to each county and municipality for each ABC store established and operating in the county or municipality as of January 1, 2019. The Commission shall determine an equitable distribution for the remaining base permits based on the population of each county and municipality in which the off-premises sale of spirituous liquor is authorized by law.

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

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

"Article 10.
"Retail Activity.

§ 18B-1001. Kinds of ABC permits; places eligible.
When the issuance of the permit is lawful in the jurisdiction in which the premises are located, the Commission may issue the following kinds of permits:

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

a. Food businesses.
b. Retail businesses.
c. In the event a food business or retail business does not seek or otherwise qualify for an off-premises spirituous liquor permit in an
eligible county or municipality, the governing body of the county or
municipality.

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

§ 18B-1002. Special one-time permits.
(a) Kinds of Permits. – In addition to the other permits authorized by this Chapter, the
Commission may issue permits for the following activities:

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

§ 18B-1003. Responsibilities of permittee.
(c) Certain Employees Prohibited. – A permittee shall not knowingly employ in the sale
or distribution of alcoholic beverages any person who has been:

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

For purposes of this subsection, "conviction" has the same meaning as in G.S. 18B-900(b).

To avoid undue hardship, the Commission may, in its discretion, exempt persons on a
case-by-case basis from this subsection.

§ 18B-1003.1. Warning signs regarding dangers of alcohol consumption during pregnancy
required; posting.
(a) Each off-premises spirituous liquor permittee shall display or cause to be displayed
warning signs that meet the requirements of this section on the store's premises to inform the
public of the effects of alcohol consumption during pregnancy.

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

(c) The signs required by this section shall:

(1) Be composed of black, capital letters printed on white paper at the minimum
weight of 110-pound index. The letters comprising the word "WARNING"
shall be highlighted black lettering and shall be larger than all other lettering on the sign.

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

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

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

(5) Be in both English and Spanish.

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

§ 18B-1004. Hours for sale and consumption.

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

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

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

... § 18B-1006. Miscellaneous provisions on permits.

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

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

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

(j) Recreation Districts. – Notwithstanding the provisions of Article 6 of this Chapter, the Commission may issue permits for the sale of malt beverages, unfortified wine, fortified wine, spirituous liquor, and mixed beverages to qualified businesses in a recreation district. A "recreation district" is an area that meets any of the following requirements:

(1) An area that is located in a county that has not approved the issuance of permits, has at least two cities that have approved the sale of malt beverages, beverages and wine, and the operation of an ABC store, off-premises sale of spirituous liquor is lawful, and contains a facility of at least 450 acres where five or more public auto racing events are held each year.
(k) Residential Private Club and Sports Club Permits. – The Commission may issue the permits listed in G.S. 18B-1001, without approval at an election, to a residential private club or a sports club, except if the sale of mixed beverages is not lawful within a jurisdiction and that locality has voted against the sale of mixed beverages in a referendum conducted on or after September 1, 2001. If the issuance of permits is prohibited by the exception in the previous sentence, the Commission may renew existing permits and may continue to issue permits for a business location that had previously held permits under this subsection. No permit may be issued to any residential private club or sports club that practices discrimination on the basis of race, gender or ethnicity.

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

…

(m) Interstate Interchange Economic Development Zones. –

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

…

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

…

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

(1) Has approved the sale of malt beverages and unfortified wine but not mixed beverages.

(2) Has at least one city that has approved the operation of an ABC store (i) in which the off-premises sale of spirituous liquor is lawful and (ii) has approved the sale of mixed beverages.

(3) Has at least 150,000 population based on the last federal census.

…

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

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

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

(1) Store any other spirituous liquor with liquor possessed for resale in mixed beverages or from a guest room cabinet.

(2) Refill any spirituous liquor container having a mixed beverages tax stamp with any other alcoholic beverage, or add to the contents of such a container any other alcoholic beverage.

(3) Transfer from one container to another a mixed beverages tax stamp.

(4) Possess any container of spirituous liquor not bearing a mixed beverages tax stamp, except for containers being brought onto the premises by the host of a private function under a special occasion permit.

…

(d) When a temporary mixed beverages permit has been issued to a new permittee for the continuation of a business at the same location, the permittee going out of business may sell
existing mixed beverages inventory to the new permittee, and the Commission may request that
the local ABC board restamp the inventory with the mixed beverages tax stamp assigned by the
local board to the new mixed beverages permittee.

"Article 11.

"Commercial Activity.

§ 18B-1100. Commercial permits.
The Commission may issue the following commercial permits:

(10) Malt beverages wholesaler
(10a) Spirituous liquor wholesaler

(15) Nonresident wine vendor
(15a) Nonresident spirituous liquor vendor

(a) The holder of a distillery permit may do any of the following:
(1) Manufacture, purchase, import, possess and transport ingredients and
equipment used in the distillation of spirituous liquor.
(2) Sell, deliver and ship spirituous liquor in closed containers at wholesale to
exporters and local boards within the State, and, subject to the laws of other
jurisdictions, at wholesale or retail to private or public agencies or
establishments of other states or nations to wholesalers licensed under this
Chapter as authorized by the ABC laws, except that spirituous liquor may be
sold to exporters and nonresident wholesalers only when the purchase is not
for resale in this State. However, nothing in this subdivision shall prohibit the
holder of a distillery permit from selling spirituous liquor to a nonresident
wholesaler, nonresident spirituous liquor vendor, bottler, or other similar party
for resale in this State if the spirituous liquor is shipped from the distillery to
wholesalers licensed under this Chapter.
(3) Transport into or out of the distillery the maximum amount of liquor allowed
under federal law, if the transportation is related to the distilling process.
(4) Sell spirituous liquor distilled at the distillery in closed containers to visitors
who tour the distillery for consumption off the premises. Sales under this
subdivision are allowed only in a county where the establishment of a county
or municipal ABC store off-premises sale of spirituous liquor has been
approved pursuant to G.S. 18B-602(g) and are subject to the time and day
restrictions in G.S. 18B-802. Spirituous liquor sold under this subdivision
shall (i) be listed as a code item for sale in the State, (ii) be sold at the price
set by the Commission for the code item pursuant to G.S. 18B-804(b), and
(iii) have affixed to its bottle a sticker that bears the words "North Carolina
Distillery Tour Commemorative Spirit" in addition to any other labeling
requirements set by law. Consumers purchasing spirituous liquor under this
subdivision are limited to purchasing, and the selling distillery is limited to
selling to each consumer, no more than five bottles of spirituous liquor per 12
month period. The distillery shall use a commonly adopted standard point of
sale system to maintain searchable electronic records captured at the point of
sale, to include the purchaser's name, drivers license number, and date of birth
for at least 12 months from the date of purchase. The Commission shall adopt
rules regulating the retail sale of spirituous liquor under this subdivision.
(4a) Receive, in closed containers, and sell at the distillery, spirituous liquor produced inside or outside North Carolina under contract with a contract distillery. The contract distillery that manufactures the spirituous liquor shall be responsible for all aspects associated with manufacturing the product, including maintaining appropriate records, obtaining label approval in its own name, and remitting the appropriate taxes. The contract spirituous liquor may be sold also at affiliated retail outlets of the distillery physically located on or adjacent to the distillery. Any spirituous liquor received from a contract distillery under this subdivision shall be made available for sale by the distillery to wholesalers for distribution to retailers, without discrimination, in the same manner as if the spirituous liquor was being imported by the distillery. Contract distilling is authorized between affiliated distilleries, but shall not be used as a means to allocate production quantities between affiliated distilleries to obtain a spirituous liquor wholesaler permit pursuant to subdivision (6) of this subsection where either distillery would not otherwise qualify for a permit, and the Commission shall have no authority to grant an exemption to this requirement pursuant to G.S. 18B-1116(b).

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

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

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

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

The holder of a liquor importer/bottler permit may:

1. Receive imported spirituous liquor in closed containers into foreign trade zones at the State Port facilities in Morehead City and Wilmington from ships docked at the State Port facilities for the purpose of bottling, packaging, or labeling from outside the United States in closed containers.

2. Bottle, package, or label in this State spirituous liquor imported or received into a foreign trade zone pursuant to this section.

3. Receive spirituous liquor in closed containers into the foreign trade zones at the State Port facilities in Morehead City and Wilmington from ships docked at the State Port facilities for storage, sale, shipment, and transshipment to the State or a local ABC board warehouse or, subject to the laws of other jurisdictions, to private or public agencies or establishments of other states or nations.

4. Subject to the record-keeping requirements of G.S. 18B-1115, transport into or out of the foreign trade zones at the State Port facilities in Morehead City and Wilmington, the maximum amount of liquor allowed under federal law, if the transportation is related to the bottling, packaging, labeling, sale, or storage permitted by this section.

5. Store the spirituous liquor.

6. Sell the spirituous liquor to spirituous liquor wholesalers for purposes of resale.

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

(a) Authorization.

The holder of a spirituous liquor wholesaler permit may do any or all of the following:

1. Receive, possess, and transport shipments of spirituous liquor.

2. Sell, deliver, and ship, in closed containers and in quantities of one case or container or more, spirituous liquor of any brand filed pursuant to G.S. 18B-1403(a) to wholesalers or retailers licensed under this Chapter, as authorized by the ABC laws.

3. Furnish and sell spirituous liquor filed pursuant to G.S. 18B-1403(a) to its employees subject to the rules of the Commission and the Department of Revenue.

4. In locations where the sale is legal, furnish spirituous liquor of any brand filed pursuant to G.S. 18B-1403(a) to guests and any other person who does not hold an ABC permit, for promotional purposes, subject to the rules of the Commission.


(a) Authorized Acts.

The holder of a salesman permit may sell and transport:

(i) malt beverages for a malt beverage wholesaler or wholesaler,

(ii) sell and transport unfortified and fortified wine for a wine wholesaler,

(iii) sell and transport spirituous liquor for a spirituous liquor wholesaler.

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

The holder of a nonresident spirituous liquor vendor permit may sell, deliver, and ship spirituous liquor in this State only to wholesalers, importers, and bottlers licensed under this Chapter, as authorized by the ABC laws. The spirituous liquor must come to rest at the licensed premises of a spirituous liquor wholesaler in this State before being resold to a retailer. A
nonresident spirituous liquor vendor permit may be issued to a distillery, an importer, or a bottler outside North Carolina who desires to sell, deliver, and ship spirituous liquor into this State.

§ 18B-1115. Commercial transportation.

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

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

(1) Deposit with the Commission a surety bond for one thousand dollars ($1,000) conditioned that the carrier will not unlawfully transport spirituous liquor into or through this State. The bond, which shall be approved by the Commission, shall be payable to the State of North Carolina. If the bonded carrier is convicted of a violation covered by the bond, the proceeds of the forfeited bond shall be paid to the school fund of the county in which the liquor was seized.

(2) Include in its bill of lading, invoice or other memorandum of shipment the North Carolina code numbers of the spirituous liquor being transported.

(3) Include in its bill of lading, invoice or other memorandum of shipment the route which the vehicle will follow, and the vehicle shall not vary substantially from that stated route.

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

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

§ 18B-1118. Purchase restrictions.

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


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

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

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

(1) To promote the compelling interest of the public in fair business relations between spirituous liquor wholesalers and distilleries and in the continuation of spirituous liquor wholesalerships on a fair basis.

(2) To protect spirituous liquor wholesalers against unfair treatment by distilleries.
(3) To provide spirituous liquor wholesalers with rights and remedies in addition
to those existing by contract or common law.

(4) To govern all spirituous liquor wholesalerships, including any renewals or
amendments, to the full extent consistent with the Constitution of this State
and the United States.

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

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

§ 18B-1401. Definitions.
As used in this Article, unless the context requires otherwise:

(1) Agreement. – A commercial relationship between a spirituous liquor
wholesaler and a distillery. The agreement may be of a definite or indefinite
duration and is not required to be in writing. Any of the following constitutes
prima facie evidence of an "agreement" within the meaning of this definition:

a. A relationship whereby the spirituous liquor wholesaler is granted the
right to offer and sell a brand offered by a distillery.

b. A relationship whereby the spirituous liquor wholesaler, as an
independent business, constitutes a component of a distillery's
distribution system.

c. A relationship whereby the spirituous liquor wholesaler's business is
substantially associated with a brand offered by a distillery.

d. A relationship whereby the spirituous liquor wholesaler's business is
substantially reliant on a distillery for the continued supply of
spirituous liquor.

e. The shipment, preparation for shipment, or acceptance of any order by
any distillery or its agent for any spirituous liquor or beverages to a
spirituous liquor wholesaler within this State.

f. The payment by a spirituous liquor wholesaler and the acceptance of
payment by any distillery or its agent for the shipment of any order of
wine or beverages intended for sale within this State.

(2) Distillery. – Any holder of a distillery permit or nonresident spirituous liquor
vendor permit issued under the authority of this Chapter.

(3) Spirituous liquor wholesaler. – Any holder of a spirituous liquor wholesaler
permit or a liquor importer/bottler permit issued under the authority of this
Chapter.

(4) Territory or sales territory. – The area of primary sales responsibility expressly
or implicitly designated by any agreement between any spirituous liquor
wholesaler and distillery for a brand offered by any distillery.

§ 18B-1402. No inducement, coercion, or discrimination.
No distillery may do any of the following:

(1) Induce, coerce, or attempt to induce or coerce any spirituous liquor wholesaler
to accept delivery of any alcoholic beverage or any other commodity which
has not been ordered by the spirituous liquor wholesaler.

(2) Induce, coerce, or attempt to induce or coerce any spirituous liquor wholesaler
to do any illegal act by any means, including threatening to amend, cancel,
terminate, or refuse to renew any agreement existing between a distillery and
a spirituous liquor wholesaler.
(3) Require a spirituous liquor wholesaler to assent to any condition, stipulation, or provision limiting the wholesaler in his or her privilege to sell a product offered by any other distillery.

(4) Unlawfully discriminate on the basis of race, color, creed, sex, religion, or national origin in awarding or maintaining agreements covered by this Article. Distilleries who contract with wholesalers in this State shall make reasonable efforts to establish and maintain agreements with wholesalers who are females and members of minority groups.

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

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

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

"§ 18B-1404. Cancellation.

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

(1) Revocation of the wholesaler's permit or license to do business in this State.

(2) Bankruptcy or receivership of the wholesaler.

(3) Assignment for the benefit of creditors or similar disposition of the assets of the wholesaler.

(4) Failure of the wholesaler to comply substantially, without reasonable excuse or justification, with any reasonable and material requirement imposed upon him or her by the distillery, including a substantial failure by a wine wholesaler to do any of the following:

a. Maintain a sales volume of the brands offered by the distillery.

b. Render services comparable in quality, quantity, or volume to the sales volumes maintained and services rendered by other wholesalers of the same brands within the State.

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

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

In any determination as to whether a wholesaler has failed to comply substantially, without reasonable excuse or justification, with any reasonable and material requirement imposed upon him or her by the distillery, consideration shall be given to the relative size, population, geographical location, number of retail outlets, demand for the products applicable to the territory of the wholesaler in question and to comparable territories, and any reasonable sales quota set by
the agreement. The burden of proving good cause for amendment, termination, cancellation, nonrenewal, noncontinuation, or resignation is on the distillery.

§ 18B-1405. Notice of intent to terminate.
(a) Except as provided in subsection (c) of this section, a distillery shall provide a wholesaler at least 90 days' prior written notice of any intention to amend, terminate, cancel, or not renew any agreement. The notice, a copy of which shall be mailed at the same time to the Commission, shall state all the reasons for the intended amendment, termination, cancellation, or nonrenewal.

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

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

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

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

(f) No notice is required and an agreement may be immediately terminated, amended, canceled, or allowed to expire if the reason for the amendment, termination, cancellation, or nonrenewal is any of the following:
   (1) The bankruptcy or receivership of the wholesaler.
   (2) An assignment for the benefit of creditors or similar disposition of the assets of the business.
   (3) Revocation of the wholesaler's permit or license.
   (4) Fraudulent conduct by the wholesaler in its dealings with the distillery.
   (5) Failure of the wholesaler to pay for the distillery's products according to the established terms of the distillery.

§ 18B-1406. Transfer of business.
(a) No distillery may unreasonably withhold or delay consent to any transfer of the wholesaler's business or transfer of the stock or other interest in the wholesaleship whenever the wholesaler to be substituted meets the material and reasonable qualifications and standards required of the distillery's wholesalers.

(b) Notwithstanding subsection (a) of this section, no distillery may withhold consent to, or in any manner retain a right of prior approval of, the transfer of the wholesaler's business to a member or members of the family of the wholesaler. Subsequent to such a transfer, the rights and obligations of the wholesaleship and its owners are in all respects governed by the provisions of this Chapter. As used in this subsection, "family" means the spouse, parents, siblings, and lineal descendants, including those by adoption, of the wholesaler.
§ 18B-1407. Judicial remedies.

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

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

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

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

(2) Revoke the distillery’s permit.

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

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

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

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

§ 18B-1408. Price of product.

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

§ 18B-1409. Retaliatory action prohibited.

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


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

§ 18B-1411. No discrimination.

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

§ 18B-1412. No waiver.
No distillery may require any wholesaler to waive compliance with any provision of this Chapter. Nothing in this Chapter, however, may be construed to limit or prohibit good-faith settlements of disputes voluntarily entered into between the parties.

§ 18B-1413. Obligations of purchaser.
The purchaser of a distillery, and any successor to the import rights of a distillery, is obligated to all the terms and conditions of an agreement in effect on the date of the purchase or other acquisition of the right to distribute a brand, except for good cause, which includes any of the following:

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

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

§ 18B-1414. Prohibited practices enumerated.
It is a violation of this Article for any distillery, directly or indirectly, to engage in any of the following practices:

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

§ 18B-1415. Intent of nondiscrimination.
It is the intent of this Article that there shall be no unlawful discrimination based on race, color, creed, sex, religion, or national origin in any aspect of the awarding or maintaining of agreements covered by this Article.

§ 18B-1416. Relation of Article to other laws.
Nothing in this Article relieves a winery or wholesaler of any obligation, duty, or prohibition imposed by any other provision of this Chapter or by G.S. 75-1.1 or by any other provision of State law, and the remedies provided in this Article are nonexclusive.

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

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

SECTION 1.(c) Any city or county that has authorized the establishment and operation of an ABC store in accordance with Article 6 of Chapter 18B of the General Statutes as of the effective date of this Part shall be deemed to have authorized the off-premises sale of
spirituous liquor for purposes of Article 6 of Chapter 18B of the General Statutes, as amended by subsection (a) of this section.

PART II. REVISIONS TO CHAPTER 105 OF THE GENERAL STATUTES

SECTION 2. Article 2C of Chapter 105 of the General Statutes reads as rewritten:

"Article 2C.

"Alcoholic Beverage License and Excise Taxes.


"§ 105-113.68. Definitions; scope.

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

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

"Part 3. Local Licenses.

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

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

<table>
<thead>
<tr>
<th>ABC Permit</th>
<th>Tax for Corresponding License</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-premises malt beverage</td>
<td>$15.00</td>
</tr>
<tr>
<td>Off-premises malt beverage</td>
<td>$5.00</td>
</tr>
<tr>
<td>On-premises unfortified wine, on-premises fortified wine, or both</td>
<td>$15.00</td>
</tr>
<tr>
<td>Off-premises unfortified wine, off-premises fortified wine, or both</td>
<td>$10.00</td>
</tr>
<tr>
<td>Off-premises spirituous liquor</td>
<td>$25.00</td>
</tr>
</tbody>
</table>

"§ 105-113.78. County beer and wine-beer, wine, and spirituous liquor retail licenses.

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

<table>
<thead>
<tr>
<th>ABC Permit</th>
<th>Tax for Corresponding License</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-premises malt beverage</td>
<td>$25.00</td>
</tr>
<tr>
<td>Off-premises malt beverage</td>
<td>$5.00</td>
</tr>
<tr>
<td>On-premises unfortified wine, on-premises fortified wine, or both</td>
<td>$25.00</td>
</tr>
<tr>
<td>Off-premises unfortified wine, off-premises fortified wine, or both</td>
<td>$25.00</td>
</tr>
<tr>
<td>Off-premises spirituous liquor</td>
<td>$25.00</td>
</tr>
</tbody>
</table>

"§ 105-113.79. City wholesaler license.

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

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

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

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

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

§ 105-113.81. Exemptions.

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

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

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

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

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

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

(1) Of the tax on malt beverages levied under G.S. 105-113.80(a), twenty and forty-seven hundredths percent (20.47%).

(2) Of the tax on unfortified wine levied under G.S. 105-113.80(b), forty-nine and forty-four hundredths percent (49.44%).
(3) Of the tax on fortified wine levied under G.S. 105-113.80(b), eighteen percent (18%).

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

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

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

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

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

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

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

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

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

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

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

§ 105-113.83. Payment of excise taxes.

(a) Liquor. – The excise tax on liquor levied under G.S. 105-113.80(c) is payable monthly by the local ABC board and by a distillery permittee to the Secretary. Secretary by the resident wholesaler or importer who first handles the liquor in this State. The tax shall be paid on or before the 15th day of the month following the month in which the tax was collected on the liquor first sold or otherwise disposed of in this State by the wholesaler or importer. The taxes on liquor are payable only once on the same liquor. When excise taxes are paid on liquor, the wholesaler or importer must submit to the Secretary verified reports on forms provided by the Secretary detailing sales records for the month for which the taxes are paid. The report must indicate the amount of excise tax due, contain the information required by the Secretary, and indicate
separately any transactions to which the excise tax does not apply. The verified report is due on
or before the fifteenth day of the first month of the following calendar year.

..."

SECTION 2.(b) G.S. 105-164.4(a) reads as rewritten:
"(a) A privilege tax is imposed on a retailer engaged in business in the State at the
percentage rates of the retailer's net taxable sales or gross receipts, listed in this subsection. The
general rate of tax is four and three-quarters percent (4.75%). The percentage rates are as follows:

..."

SECTION 2.(c) G.S. 105-113.106 reads as rewritten:
"§ 105-113.106. Definitions.
The following definitions apply in this Article:

..."

PART III. OTHER CONFORMING REVISIONS
SECTION 3.(a) G.S. 66-58(c) is amended by adding a new subdivision to read:
"(23) The off-premises sale of spirituous liquor by a county or municipality pursuant
to the authority set forth in G.S. 18B-1001(6a)."

SECTION 3.(b) G.S. 20-187.2(a) reads as rewritten:
"(a) Surviving spouses, or in the event such members die unsurvived by a spouse,
surviving children of members of North Carolina State, city and county law-enforcement
agencies killed in the line of duty or who are members of such agencies at the time of their deaths,
and retiring members of such agencies shall receive upon request and at no cost to them, the
badge worn or carried by such deceased or retiring member. The governing body of a
law-enforcement agency may, in its discretion, also award to a retiring member or surviving
relatives as provided herein, upon request, the service side arm of such deceased or retiring
members, at a price determined by such governing body, upon determining that the person
receiving the weapon is not ineligible to own, possess, or receive a firearm under the provisions
of State or federal law, or if the weapon has been rendered incapable of being fired. Governing
body shall mean for county and local alcohol beverage control officers, the county or local board
of alcoholic control; county; for all other law-enforcement officers with jurisdiction limited to a
municipality or town, the city or town council; for all other law-enforcement officers with
countywide jurisdiction, the board of county commissioners; for all State law-enforcement
officers, the head of the department."
SECTION 3.(c) G.S. 147-69.3(b) reads as rewritten:

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

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

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

(1) An ABC store in the ABC system, as defined in G.S. 18B-101.
(2) A wine wholesaler, as defined in G.S. 18B-1201.
(3) A wholesaler, as defined in G.S. 18B-1301, G.S. 18B-1301 and G.S. 18B-1401.
(4) The holder of an unfortified winery permit, a fortified winery permit, a brewery permit, or a distillery permit under G.S. 18B-1100."

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

"§ 153A-145.7. Hours of certain alcohol sales.
In accordance with G.S. 18B-1004(c), a county may adopt an ordinance allowing for the sale of malt beverages, unfortified wine, fortified wine, spirituous liquor, and mixed beverages beginning at 10:00 A.M. on Sunday pursuant to the licensed premises’ permit issued under G.S. 18B-1001."

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

"§ 160A-205.3. Hours of certain alcohol sales.
In accordance with G.S. 18B-1004(c), a city may adopt an ordinance allowing for the sale of malt beverages, unfortified wine, fortified wine, spirituous liquor, and mixed beverages beginning at 10:00 A.M. on Sunday pursuant to the licensed premises’ permit issued under G.S. 18B-1001."

PART IV. MISCELLANEOUS

SECTION 4.(a) By January 1, 2020, the ABC Commission shall sell the State warehouse authorized under G.S. 18B-204. Additionally, the Commission shall sell any spirituous liquor within its possession. The Commission shall sell the State warehouse and spirituous liquor by public sale to the highest qualified bidder or bidders. The Commission shall only sell the spirituous liquor within its possession to a spirituous liquor wholesaler permitted under G.S. 18B-1109.1, as enacted by Part I of this act. Any funds received from the sale of spirituous liquor under this subsection shall be credited to the General Fund and remain unspent until appropriated by the General Assembly.
SECTION 4.(b) By January 1, 2020, the local ABC boards shall liquidate all assets by public sale to the highest qualified bidder or bidders. The local ABC boards shall only sell the spirituous liquor within their possession to a spirituous liquor wholesaler permitted under G.S. 18B-1109.1, as enacted by Part I of this act. Nothing in this subsection shall be construed as relieving local ABC boards of, or assigning to the State, any liabilities arising or remaining from the liquidation required under this subsection. Any funds received under this subsection shall be paid to the general fund of the county or municipality for which the local ABC board is established to be used only for capital expenses for any public schools located within the county or municipality.

PART V. EFFECTIVE DATE

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