

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

H

2

HOUSE BILL 669
Committee Substitute Favorable 5/10/21

Short Title: Distribute Alcohol Without Discrimination.

(Public)

Sponsors:

Referred to:

April 27, 2021

1 A BILL TO BE ENTITLED
2 AN ACT TO PROHIBIT DISCRIMINATION AND ADVANTAGE IN THE DISTRIBUTION
3 OF SPIRITUOUS LIQUOR TO LOCAL ABC BOARDS AND TO APPROPRIATE
4 FUNDS TO TRACK THE DISTRIBUTION.

5 The General Assembly of North Carolina enacts:

6 SECTION 1. G.S. 18B-204 reads as rewritten:

7 "§ 18B-204. State warehouse.

8 (a) Contracting for Private Warehouse. – The Commission shall provide for the receipt,
9 storage, and distribution of spirituous liquor by one of the following methods:

10 (1) By negotiated contract with a privately owned ~~warehouse;~~warehouse.

11 (2) By negotiated contract with privately owned warehouses in several regions of
12 the State. The Commission shall choose locations for the warehouses to
13 promote efficient distribution of spirituous liquor to all local boards, to
14 maintain control of that liquor, and to insure the Commission's supervision of
15 warehousing ~~procedures;~~ procedures.

16 (3) By the construction of a warehouse, and by contracting for receipt, storage
17 and distribution of spirituous liquor by an independent contractor, by
18 negotiated contract or by the use of procedures for purchase and contract by
19 State agencies, for the operation of that warehouse.

20 (a1) Distribution of Spirituous Liquor; No Discrimination. – The Commission shall make
21 a good-faith effort, without discrimination, to make all spirituous liquor distributed by the
22 Commission available to all local boards. The Commission shall adopt rules regarding the
23 ordering of spirituous liquor by local boards.

24 (a2) Providing Ordering Advantage Prohibited. – A contractor that has entered into a
25 contract pursuant to this section shall not directly or indirectly provide information to a local
26 board which gives any advantage to one board over another board concerning product selection,
27 availability, or otherwise obtaining spirituous liquor distributed by the Commission. Any
28 violation of this subsection by the contractor, an employee of the contractor, or any person
29 working in concert with the contractor shall be grounds for the Commission to terminate the
30 contract.

31 (a3) Limited Product Record Required. – The Commission shall maintain a record of all
32 products that the Commission either (i) limits distribution of due to limited availability or (ii)
33 allocates the distribution of to local boards. The record shall be made available to all local boards
34 and shall include the following for all limited distribution or allocated products received by the
35 Commission:

36 (1) The product code number.



- 1 (2) The brand name.
2 (3) The quantity received by the Commission.
3 (4) The date received by the Commission.
4 (5) The name of each local board that received the product, the date each local
5 board received the product, and the quantity each local board received.
6 (b) Audits and Inspections. – Contracts entered into pursuant to this section shall provide
7 all of the following:
8 (1) That an annual audited financial statement be prepared and submitted to the
9 Commission by the person contracting with the ~~Commission~~Commission.
10 (2) That all warehouse records be available for inspection at all times by the
11 Commission and the Department of ~~Revenue~~and Revenue.
12 (3) That all warehouse accounts relating to the receipt, storage, or distribution of
13 spirituous liquor be subject to audit by the State Auditor.
14 (c) Emergency or Temporary Operation. – If the independent operator of a warehouse
15 changes, or if some other occurrence results in substantially impeded distribution of spirituous
16 liquor from a warehouse, the Commission may operate that warehouse on an interim emergency
17 or temporary basis.
18 (d) Rules. – The Commission may adopt rules regarding warehouse operations, and
19 violations of those rules by a party with whom the Commission contracts shall be grounds for
20 termination by the Commission of a contract entered into under this section."
21 **SECTION 2.** There is appropriated from the General Fund to the Department of
22 Public Safety the sum of two hundred fifty thousand dollars (\$250,000) in nonrecurring funds
23 for the 2021-2022 fiscal year to allocate to the Alcoholic Beverage Commission to use for the
24 design and development of a system to create, maintain, and disseminate the record required by
25 G.S. 18B-204(a3) as enacted in Section 1 of this act. The funds shall not revert at the end of the
26 2021-2022 fiscal year but shall remain available to be used in accordance with this section.
27 **SECTION 3.** Section 1 of this act becomes effective January 1, 2022, and applies to
28 all spirituous liquor received or distributed on or after that date. The remainder of this act
29 becomes effective July 1, 2021.