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GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

S **D**

SENATE BILL DRS45502-SAxf-19

Short Title:	Privatize Spirituous Liquor.	(Public)
Sponsors:	Senator Burgin (Primary Sponsor).	
Referred to:		

A BILL TO BE ENTITLED

AN ACT TO CEASE STATE AND LOCAL OPERATION OF SPIRITUOUS LIQUOR SALES AND TO TRANSITION TO PRIVATELY OWNED PACKAGE STORES.

The General Assembly of North Carolina enacts:

PART I. SALE AND CESSATION OF STATE AND LOCAL OPERATION OF SPIRITUOUS LIQUOR SALES AND TRANSITION TO PRIVATELY OWNED PACKAGE STORES

SECTION 1.(a) On or after July 1, 2028, but no later than July 1, 2029, the local ABC boards shall cease operations of any ABC stores and transfer all real property owned by the board and any fixtures and inventory used in the operation of ABC stores by public sale to the highest qualified bidder or bidders. Each ABC store shall be offered for sale as follows:

(1) If a local ABC board owns real property that is operated as an ABC store, the real property, fixtures, and all inventory at that ABC store shall be offered for sale as a single lot, along with the authority to operate the location as a package store upon obtaining the appropriate permits from the ABC Commission.

(2) If a local ABC board operates an ABC store on property that is not owned by the local ABC board, the fixtures and all inventory at that ABC store shall be offered for sale as a single lot, along with the authority to operate a package store upon obtaining the appropriate permits from the ABC Commission. If the lease for the location where the ABC store is being operated at the time of the sale cannot be transferred to or assumed by the purchaser, the purchaser may operate a package store within a 1-mile radius at a location approved by the local ABC board and the ABC Commission.

(3) If a city or county has authorized the establishment and operation of an ABC store in accordance with Article 6 of Chapter 18B of the General Statutes prior to July 1, 2027, and that city or county votes against off-premises spirituous liquor sales before July 1, 2028, the local ABC board applicable to that city or county shall do both of the following:

a. Sell any spirituous liquor within their possession in the applicable city or county to a liquor wholesaler permitted under G.S. 18B-1109.1, as enacted by Part IV of this act.

b. Offer any real property and fixtures for sale in any manner otherwise authorized by law.

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 transfers required under this

subsection. Any funds received under this subsection shall be used first to satisfy any debts of the local ABC board, and any remaining funds shall be distributed pursuant to G.S. 18B-805(e).

For purposes of this subsection, in addition to any other financial, legal, or administrative requirements, in order to place a bid on property offered pursuant to subdivision (1) or (2) of this subsection, the bidder must obtain a qualification letter from the ABC Commission as provided in subsection (b) of this section, prior to placing a bid.

SECTION 1.(b) No later than March 1, 2028, the ABC Commission shall develop a process to allow any person that wishes to bid on property offered for sale pursuant to subdivision (1) or (2) of subsection (a) of this section to apply for a qualification letter from the Commission. The application shall require the applicant to provide all information necessary for the Commission to determine whether the applicant meets the permit eligibility requirements of G.S. 18B-900. Within 60 days of receipt of the application, the Commission shall issue or deny the qualification letter.

SECTION 1.(c) On July 1, 2029, the Alcoholic Beverage Control Commission shall cease the operation of the State warehouse authorized under G.S. 18B-204. On or after July 1, 2029, and no later than December 31, 2029, the ABC Commission shall sell any remaining inventory of spirituous liquor held in the State warehouse to a liquor wholesaler permitted under G.S. 18B-1109.1, as enacted by Part IV of this act. Any funds received under this subsection shall be used first to pay any amount owed to a distiller for inventory held in the warehouse, and any remaining funds shall be remitted to the General Fund to be used to fund education.

SECTION 1.(d) Upon completion of the requirements of subsection (c) of this section, the Department of Administration shall initiate proceedings to separate specific property from the parcel of land in the City of Raleigh, with Wake County real estate ID# 0138565, commonly known as 404 East Tryon Road. The portion to be separated from the parcel is the property commonly known as 400 East Tryon Road, which is bordered on the north by East Tryon Road, on the east by West Garner Road, and on the west by property owned by the North Carolina Railroad Company, and which currently includes an office building used by the ABC Commission and a warehouse building commonly referred to as the State ABC warehouse.

Upon obtaining a legal separation of the described property, the Department of Administration shall sell the property. No service charge into the State Land Fund shall be deducted from or levied against the proceeds of the sale of the property listed in this subsection. Notwithstanding G.S. 146-30, the proceeds of the sale of the property shall be handled in accordance with the following priority:

(1) First, in accordance with the provisions of any trust or other instruments of title whereby title to the subject real property was acquired by the State.
(2) Second, to reimburse the Department of Administration for any funds expended in the sale of the subject real property.
(3) Third, to be deposited in the General Fund to be used to fund education.

The Department of Administration shall obtain an appraisal assessing the value for the property listed in this subsection according to its best and highest use and shall submit the appraisal to the Fiscal Research Division no later than 90 days after the separation of the property from the larger parcel.

SECTION 1.(e) The Department of Administration shall identify and assign office space for exclusive use of the offices of the ABC Commission no later than December 31, 2030.

SECTION 1.(f) Of the funds appropriated to the Department of Public Safety in Section 40.4(a) of S.L. 2023-134 for advance planning on a new ABC campus, any unexpended and unencumbered funds shall revert to the General Fund.

SECTION 1.(g) This section becomes effective July 1, 2027.

PART II. AMEND ABC ELECTIONS TO ALLOW OFF-PREMISES SPIRITUOUS LIQUOR ELECTIONS AND PHASE OUT ABC STORE ELECTIONS

SECTION 2.(a) Article 6 of Chapter 18B of the General Statutes reads as rewritten:

"Article 6.

"Elections.

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

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

(1) Malt ~~beverage;~~beverage.

(2) Unfortified ~~wine;~~wine.

(3) ~~ABC store; and~~Off-premises spirituous liquor.

(4) Mixed beverage.

(a1) ~~ABC Store Elections~~ Off-Premises Spirituous Liquor Elections Requiring Merger. – A jurisdiction located in a county where an ABC board is already in operation may hold an ~~ABC store~~ off-premises spirituous liquor election only if all of the following criteria are met:

(1) The jurisdiction has negotiated the details of the merger required by G.S. 18B-700(c1) if the ~~establishment of ABC stores~~ authorization of off-premises spirituous liquor is approved.

(2) The details of the planned merger, including the distribution of profits, have been determined in accordance with G.S. 18B-703, and have been made available to all registered voters in the jurisdiction where the ~~ABC store~~ off-premises spirituous liquor election is to be held.

(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~~ allows 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.

…

(d) City ~~ABC Store~~ Off-Premises Spirituous Liquor Elections. – A city may hold an ~~ABC store~~ off-premises spirituous liquor election only if all of the following criteria are met:

(1) The city has at least 1,000 registered voters.

(2) The county in which the city is located does not ~~operate ABC stores.~~allow the off-premises sale of spirituous liquor.

(3) At least one other city in the same county ~~operates an ABC store.~~allows the off-premises sale of spirituous liquor.

(e) 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, a mixed beverages permittee in the city may purchase liquor from ~~an ABC store that is designated as a mixed beverage ABC store operated by any local board~~ a package store operating in the same county as the permittee.

(e1) Small City Mixed Beverage Elections. – A city may also hold a mixed beverage election if the city has at least 200 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, a mixed beverages permittee in the smaller city may purchase liquor from ~~an ABC store that is designated as a mixed beverage ABC store operated by any local board~~ a package store operating in the same county as the permittee.

(e2) Ski Resorts ABC 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, notwithstanding G.S. 18B-404(c), the sales of liquor shall be made by any local board designated by the State ABC Commission.~~

(e3) Repealed by Session Laws 2024-41, s. 6(b), retroactively effective November 1, 2022, and applies to elections conducted on or after that date.

(e4) Multicounty/City ABC 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,~~ allows the off-premises sale of spirituous liquor, or a municipality in either county in which the city is located ~~operates an ABC store.~~allows 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, a mixed beverage permittee may purchase liquor from ~~an ABC store that is designated as a mixed beverage ABC store operated by any local board~~ a package store operating in the same county as the permittee. ~~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 Elections. – A town may hold a mixed beverage election if ~~it:~~it meets all of the following requirements:

(1) ~~Was~~ The town was incorporated after 1990 and prior to the effective date of this ~~subsection;~~subsection.

(2) ~~Has~~ The town has at least 100 ~~residents;~~residents.

(3) ~~Is~~ The town is located in a county that borders another state and that has two other municipalities which ~~have ABC stores; and~~allow the off-premises sale of spirituous liquor.

(4) At the time of the election, the town 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, a mixed beverages permittee in the town may purchase liquor from ~~an ABC store that is designated as a mixed beverage ABC store operated by any local board~~ a package store operating in the same county as the permittee.

(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.

(3) Repealed by Session Laws 2004-203, s. 24, effective August 17, 2004.

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 off-premises sale of 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.

(h) Railroad Passenger Terminus Location Elections. – Notwithstanding any other provision of this section, any city or town that is the passenger terminus of a rail line that carries at least 60,000 passengers annually may hold an election authorized by subdivisions (a)(1) and (a)(2) of this section. Any election held under this subsection shall be for the on-premises sale of malt beverages and the on-premises sale of unfortified wine pursuant to G.S. 18B-602(a)(2) and G.S. 18B-602(d)(2).

…

"**§ 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.

(2) The Commission may issue on-premises and off-premises fortified wine and unfortified wine permits to qualified persons and establishments in that jurisdiction, regardless of any unfortified wine election or any local act, except that neither on-premises nor off-premises unfortified wine permits may be issued in a jurisdiction if:

a. The jurisdiction approved ABC stores before January 1, 1982;
b. The jurisdiction held an unfortified wine election before January 1, 1982; and
c. In that unfortified wine election, the jurisdiction did not approve either on-premises or off-premises sales of unfortified wine.

(3) The Commission may issue brown-bagging permits to restaurants, hotels, and community theatres in the county in which the election was held, whether the election was held by the county or by a city or other jurisdiction within the county. Brown-bagging permits may not be issued, however, for restaurants, hotels, or community theatres in any jurisdiction in which the sale of mixed beverages has been approved.

…

(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.

…

(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 any of the following permits:

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

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~~ a package 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.**

(a) Time Limits. – No county alcoholic beverage election may be held within three years of the certification of the results of a previous election on the same kind of alcoholic beverages in that county. No city alcoholic beverage election may be held within three years of the certification of the results of a previous election on the same kind of alcoholic beverage in that city. Otherwise, alcoholic beverage elections may be held at any time, subject to the applicable provisions of this Chapter and Chapter 163.

(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, 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.

(c) Effect of Negative County Vote on City or Township. – If a majority of voters vote against certain alcoholic beverage sales in a county election, sale of that kind of alcoholic beverage shall be unlawful throughout the county, except that sale of that alcoholic beverage shall remain lawful in any city or township in which sale is lawful because of a city or township election or a local act.

(d) Effect of City or Township Election on County. – A city or township alcoholic beverage election shall not affect the lawfulness of sale in any part of the county outside that city or township.

(e) Repealed by Session Laws 2003-218, s. 2, effective June 19, 2003.

(f) When Sales Stop. – When the sale of any alcoholic beverage that was previously lawful becomes unlawful because of an election, the sale of that alcoholic beverage shall cease 90 days after certification of the results of the election.

"**§ 18B-605. Local act elections.**

If a jurisdiction has lawfully voted in favor of ~~ABC stores~~ 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."

SECTION 2.(b) 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 prior to July 1, 2027, 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, unless the city or county votes against authorizing off-premises spirituous liquor sales before July 1, 2028. A city or county that votes against off-premises spirituous liquor sales before July 1, 2028, may continue to operate ABC stores until July 1, 2029.

SECTION 2.(c) If any city or county holds an off-premises spirituous liquor election on or after July 1, 2027, but prior to July 1, 2028, and the off-premises sale of spirituous liquor is approved, no off-premises sale of spirituous liquor shall be allowed until July 1, 2028.

SECTION 2.(d) This section becomes effective July 1, 2027, and applies to elections held on or after that date.

PART III. REVISIONS TO LOCAL ABC BOARDS

SECTION 3.(a) Article 7 of Chapter 18B of the General Statutes reads as rewritten:

"Article 7.

"Local ABC Boards.

"**§ 18B-700. Appointment and organization of local ABC boards.**

…

(a1) Mission. – The mission of local ABC boards and their employees shall be to serve their localities responsibly by ~~controlling~~ monitoring the sale of spirituous liquor and ~~promoting customer-friendly, modern, and efficient stores.~~managing funds received as a result.

…

(c1) Limit on Creation of New Boards. – Notwithstanding any provision of law to the contrary, no new local board may be created in any county where ~~a local board operates an ABC store.~~ the off-premises sale of spirituous liquor is allowed. If a jurisdiction holds an ~~ABC store~~ off-premises spirituous liquor election under G.S. 18B-602(g), the ~~establishment of ABC stores~~ off-premises sale of spirituous liquor is approved, and the jurisdiction is located in a county where a local board is already in operation, the jurisdiction that held the election shall enter into an agreement with an existing local board to create a merged local board in accordance with G.S. 18B-703. Nothing in this subsection shall be construed as prohibiting a local board from serving multiple cities, counties, or cities and counties.

…

~~(g1) Compensation of General Managers of Local Boards. The salary authorized for the general manager, as defined in G.S. 18B-101, of a local board shall not exceed the salary authorized by the General Assembly for the clerk of superior court of the county in which the appointing authority was originally incorporated unless such compensation is otherwise approved by the appointing authority. The local board shall provide the appointing authority's written confirmation of such approval to the Commission. Any change in compensation approved by the appointing authority shall be reported to the Commission in writing within 30 days of the effective date of the change. The general manager of a local board may receive any other benefits to which all employees of the local board are entitled. The salary authorized for other employees of a local board may not exceed that of the general manager.~~

…

(i) Bond. – Each local board member and the ~~employees designated as the general manager and~~ finance officer of the local board shall be bonded in an amount not less than fifty thousand dollars ($50,000) secured by a corporate surety, for the faithful performance of ~~his~~ the person's duties. A public employees' blanket position bond in the required amount satisfies the requirements of this subsection. The bond shall be payable to the local board and shall be approved by the appointing authority for the local board. The appointing authority may increase the amount of the bond required for any member or ~~employee~~ finance officer who handles board funds.

…

~~(k) Nepotism. Members of an immediate family shall not be employed within the local board if such employment will result in one member of the immediate family supervising another~~

~~member of the immediate family, or if one member of the immediate family will occupy a position which has influence over another member's employment, promotion, salary administration, or other related management or personnel considerations. This subsection applies to local board members and employees.~~

~~For the purpose of this subsection, the term "immediate family" includes wife, husband, mother, father, brother, sister, son, daughter, grandmother, grandfather, grandson, and granddaughter. Also included are the step-, half-, and in-law relationships. It also includes other people living in the same household, who share a relationship comparable to immediate family members, if either occupies a position which requires influence over the other's employment, promotion, salary administration, or other related management or personnel considerations.~~

(*l*) Local Acts. – Notwithstanding the provisions of any local act, this section applies to all local boards.

"**§ 18B-701. Powers and duties of local ABC boards.**

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

~~(1) Buy, sell, transport, and possess alcoholic beverages as necessary for the operation of its ABC stores. In providing delivery of spirituous liquor to a mixed beverages permittee, as required by G.S. 18B-404(f), the local board may use its employees or contract with one or more independent contractors and may charge a fee to the permittee. A mixed beverage permittee may contract with an independent contractor to provide delivery of spirituous liquor from an ABC board's store or warehouse to the permittee's premises.~~

~~(1a) Contract with an independent contractor to provide delivery of its spirituous liquor from the local board's warehouse to the local board's ABC stores, provided all of the following conditions are met:~~

~~a. The local board enters into a written contract with the independent contractor.~~

~~b. The independent contractor furnishes proof to the local board that the independent contractor is a contract carrier with a surety bond in compliance with G.S. 18B-1115(d) and (e).~~

~~c. The contract may be terminated at will by either party without cause.~~

~~d. The independent contractor maintains in force an indemnity and fidelity insurance policy with the local board named as an additional insured in an amount sufficient to insure the value of the alcoholic beverages to be transported and delivered by the independent contractor on the behalf of the local board.~~

~~e. The independent contractor contractually assumes liability for any damage, breakage, or theft of the spirituous liquor to be delivered from the time possession is taken by the independent contractor from the local board until delivery of the spirituous liquor to the ABC store is acknowledged in writing by the manager or an employee of that ABC store.~~

~~(2) Adopt rules for its ABC system, subject to the approval of the Commission.~~

~~(3) Hire and fire employees for the ABC system.~~

~~(4) Designate one employee as manager of the ABC system and determine his responsibilities.~~

~~(5) Require bonds of employees as provided in the rules of the Commission.~~

~~(6) Operate ABC stores as provided in Article 8.~~

~~(6a) Contract with a third party to make an ATM available in one or more ABC stores operated by the board.~~

(7) Repealed by Session Laws 2022-44, s. 3(m), effective July 7, 2022.

(8) Employ local ABC officers or make other provision for enforcement of ABC laws as provided in Article 5.
~~(9) Borrow money as provided in G.S. 18B-702.~~
~~(10) Buy and lease real and personal property, and receive property devised or given, as necessary for the operation of the ABC system.~~
~~(11) Invest surplus funds as provided in G.S. 18B-702.~~
~~(12) Dispose of property in the same manner as a city council may under Article 12 of Chapter 160A of the General Statutes.~~
(12a) Authorize the operation of package stores pursuant to this Article.
(12b) Distribute funds received pursuant to G.S. 105-113.82(a).
(13) Perform any other activity authorized or required by the ABC law.

(b) Duties. – A local board shall have the duty to comply with all rules adopted by the Commission pursuant to this ~~Chapter and meet all standards for performance and training established by the Commission pursuant to G.S. 18B-203(a)(20) and (21). Failure to comply with Commission rules shall be cause for removal.~~Chapter.

~~(c) Definitions. – For purposes of this section, the term "contract carrier" means a person who provides transportation of goods, but not individuals, for compensation under contractual agreement(s), over regular or irregular routes, for a specific person or group of persons.~~

"**§ 18B-702. Financial operations of local boards.**

~~(a) Generally. – A local board may transact business as a corporate body, except as limited by this section. A local board shall not be considered a public authority under G.S. 159-7(b)(10).~~

~~(b) Budget Officer. – The general manager of the local board shall be the budget officer for the local board. In the absence of a general manager, a local board may impose the duties of budget officer on the chairman or any member of the local board or any other employee of the board.~~

~~(c) Annual Balanced Budget. – Each local board shall operate under an annual balanced budget administered in accordance with this section. A budget is balanced when the sum of estimated gross revenues and both restricted and unrestricted funds are equal to appropriations. Expenditures shall not exceed the amount of funds received or in reserve for the purpose to which the funds are appropriated. It is the intent of this section that all monies received and expended by a local board should be included in the budget. Therefore, notwithstanding any other provision of law, no local board may expend any monies, regardless of their source, except in accordance with a budget adopted under this section. The budget of a local board shall cover a fiscal year beginning July 1 and ending June 30.~~

~~(d) Preparation and Submission of Budget and Budget Message. – Upon receipt of the budget requests and revenue estimates and the financial information supplied by the finance officer, the budget officer shall prepare a budget for consideration by the local board in such form and detail as may have been prescribed by the budget officer or the local board. The budget, together with a budget message, shall be submitted to the local board, the appointing authority, and the Commission not later than June 1. The budget and budget message should, but need not, be submitted at a formal meeting of the board. The budget message should contain a concise explanation of the goals fixed by the budget for the budget year, explain important features of the activities anticipated in the budget, set forth the reasons for stated changes from the previous year in appropriation levels, and explain any major changes in fiscal policy.~~

~~(e) Filing and Publication of the Budget. – On the same day the budget officer submits the budget to the local board, the budget officer shall make a copy for public inspection, and it shall remain available for public inspection until the budget is adopted. The budget officer shall make a copy of the budget available to all news media in the county. The budget officer shall also publish a statement that the budget has been submitted to the local board and is available for~~

~~public inspection in the office of the general manager of the local board. The statement shall also give notice of the time and place of the budget hearing required by subsection (f) of this section.~~

~~(f) Budget Hearings. – Before adopting the budget, the board shall hold a public hearing at which time any persons who wish to be heard on the budget may appear.~~

~~(g) Adoption of Budget. – Not earlier than 10 days after the day the budget is presented to the board and not later than July 1, the local board shall adopt a budget making appropriations for the budget year in such sums as the board may consider sufficient and proper, whether greater or less than the sums recommended in the budget. The budget shall authorize all financial transactions of the local board. The budget may be in any form that the board considers most efficient in enabling it to make the fiscal policy decisions embodied therein, but it shall make appropriations by department, function, or project and show revenues by major source. The following directions and limitations shall bind the local board in adopting the budget:~~

~~(1) The full amount estimated by the finance officer to be required for debt service during the budget year shall be appropriated.~~

~~(2) The full amount of any deficit in each fund shall be appropriated.~~

~~(3) Working capital funds set aside pursuant to G.S. 18B-805 shall be established by rule of the Commission. "Working capital" means the total of cash, investments, and inventory less all unsecured liabilities. Gross sales means gross receipts from the sale of alcoholic beverages less distributions as defined in G.S. 18B-805(b)(2), (3), (4), and (5). Any expenditure to be charged against working capital funds shall be authorized by resolution of the local board, which resolution shall be deemed an amendment to the budget setting up an appropriation for the object of expenditure authorized. The local board may authorize the budget officer to authorize expenditures from working capital funds subject to such limitations and procedures as it may prescribe. Any such expenditure shall be deemed an amendment and reported to the board at its next regular meeting and recorded in the minutes.~~

~~(4) Estimated revenues shall include only those revenues reasonably expected to be realized in the budget year.~~

~~(5) Sufficient funds to meet the amounts to be paid during the fiscal year under continuing contracts previously entered into shall be appropriated unless such contract reserves to the local board the right to limit or not to make such appropriation.~~

~~(6) The sum of estimated net revenues and appropriated fund balance in each fund shall be equal to appropriations in that fund. Appropriated fund balance in a fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget year.~~

~~The budget shall be entered in the minutes of the local board and within five days after adoption, and copies thereof shall be filed with the finance officer, the budget officer, the appointing authority, and the Commission.~~

~~(h) Amendments to the Budget. – Except as otherwise restricted by law, the local board may amend the budget at any time after adoption, in any manner, so long as the budget, as amended, continues to satisfy the requirements of this section. The local board by appropriate resolution may authorize the budget officer to transfer monies from one appropriation to another within the same fund subject to such limitations and procedures as it may prescribe. Any such transfers shall be reported to the local board at its next regular meeting and shall be entered in the minutes. Amendments to the adopted budget shall also be provided to the appointing authority and the Commission.~~

~~(i) Interim Budget. – In case the adoption of the budget is delayed until after July 1, the local board shall make interim appropriations for the purpose of paying salaries, debt service payments, and the usual ordinary expenses of the local board for the interval between the beginning of the budget year and the adoption of the budget. Interim appropriations so made shall be charged to the proper appropriations in the adopted budget.~~

(j) Finance Officer. – ~~Except as otherwise provided, the local board shall designate (i) a part-time or full-time employee of the board other than the general manager or (ii) the~~ The finance officer of the appointing authority ~~with consent of the appointing authority to be~~ shall be the finance officer for the local board. ~~The Commission, for good cause shown, may grant a waiver to allow the general manager of a board also to be the finance officer. Good cause includes, but is not limited to, the fact that the board operates no more than two stores, and any approval for the general manager also to be the finance officer shall apply until the board operates more than two stores; in any event, the approval shall be effective for 36 months. The Commission may grant one or more waivers to a board.~~

(k) Duties and Powers of the Finance Officer. – The finance officer for a local board shall:

(1) Keep the accounts of the local board in accordance with generally accepted principles of governmental accounting and the rules and regulations of the Commission.

(2) Disburse all funds of the local board in strict compliance with this ~~Chapter, the budget, preaudit obligations, and disbursements as required by this section.~~Chapter.

~~(3) As often as may be requested by the local board or the general manager, prepare and file with the board a statement of the financial condition of the local board.~~

(4) Receive and deposit all monies accruing to the local ~~board, or supervise the receipt and deposit of money by other duly authorized employees.~~board.

(5) Maintain all records concerning the debt and other obligations of the local board, determine the amount of money that will be required for debt service or the payment of other obligations during each fiscal year, and maintain all funds.

~~(6) Supervise the investment of idle funds of the local board pursuant to subsection (t) of this section.~~

The finance officer shall perform such other duties as may be assigned by law, by the ~~general manager, budget officer, or~~ local board, or by rules and regulations of the Commission.

(k1) Statutory Distributions. – A local board shall make the following distributions from the funds received pursuant to G.S. 105-113.82(a):

(1) The local board shall spend for law enforcement an amount set by the board which shall be at least five percent (5%) of the funds received. The local board may contract with the ALE Division to provide the law enforcement required by this subdivision. Notwithstanding the provisions of any local act, this provision shall apply to all local boards.

(2) The local board shall spend, or pay to the county commissioners to spend, for the purposes stated in subsection (k3) of this section, an amount set by the board which shall be at least seven percent (7%) of the funds received remaining after the distribution required by subdivision (1) of this subsection. This provision shall not be applicable to a local board which is subject to a local act setting a different distribution.

(k2) Other Distributions. – After making the distributions provided in subsection (k1) of this section, the local board shall pay the remaining funds to the general fund of the city or county for which the board is established, unless some other distribution or some other schedule is

provided for by law. If the governing body of each city and county receiving revenue from an ABC board agrees, those governing bodies may alter at any time the distribution to be made under this subsection or under any local act. Copies of the governing body resolutions agreeing to a new distribution formula and a copy of the approved new distribution formula shall be submitted to the Commission for review and audit purposes. If any one of the governing bodies later withdraws its consent to the change in distribution, profits shall be distributed according to the original formula, beginning with the next receipt of funds pursuant to G.S. 105-113.82(a).

(k3) Expenditure of Alcoholism Funds. – Funds distributed under subdivision (k1)(2) of this section shall be spent for the treatment of alcoholism or substance abuse, or for research or education on alcohol or substance abuse. The minutes of the board of county commissioners or local board spending funds allocated under this subsection shall describe the activity for which the funds are to be spent. Any agency or person receiving funds from the county commissioners or local board under this subsection shall submit an annual report to the board of county commissioners or local board from which funds were received, describing how the funds were spent.

~~(l) Accounting System. – Each local board shall establish and maintain an accounting system designed to show in detail its assets, liabilities, equities, revenues, and expenditures. The system shall also be designed to show appropriations and estimated revenues as established in the budget originally adopted and subsequently amended.~~

~~(m) Incurring Obligations. – No obligation may be incurred in a program, function, or activity accounted for in a fund included in the budget unless the budget includes an appropriation authorizing the obligation and an unencumbered balance remains in the appropriation sufficient to pay in the current fiscal year the sums obligated by the transaction for the current fiscal year. No obligation may be incurred for a capital project unless the budget authorizes the obligation and an unencumbered balance remains in the appropriation sufficient to pay the sums obligated by the transaction. If an obligation is evidenced by a contract or agreement requiring the payment of money or by a purchase order for supplies and materials, the contract, agreement, or purchase order shall include on its face a certificate stating that the instrument has been preaudited to assure compliance with this subsection. The certificate, which shall be signed by the finance officer or any deputy finance officer approved for this purpose by the local board, shall take substantially the following form:~~

~~"This instrument has been preaudited in the manner required by G.S. 18B-702.~~

~~_____~~

~~(Signature of finance officer)."~~

~~An obligation incurred in violation of this subsection is invalid and may not be enforced. The finance officer shall establish procedures to assure compliance with this subsection.~~

~~(n) Disbursements. – When a bill, invoice, or other claim against a local board is presented, the finance officer shall either approve or disapprove the necessary disbursement. If the claim involves a program, function, or activity accounted for in a fund included in the budget or a capital project or a grant project authorized by the budget, the finance officer may approve the claim only if:~~

~~(1) The finance officer determines the amount to be payable; and~~

~~(2) The budget includes an appropriation authorizing the expenditure and either (i) an encumbrance has been previously created for the transaction or (ii) an unencumbered balance remains in the appropriation sufficient to pay the amount to be disbursed.~~

~~A bill, invoice, or other claim may not be paid unless it has been approved by the finance officer or, under subsection (o) of this section, by the local board. The finance officer shall establish procedures to assure compliance with this subsection.~~

~~(o) Local Board Approval of Bills, Invoices, or Claims. – The local board may, as permitted by this subsection, approve a bill, invoice, or other claim against the local board that~~

~~has been disapproved by the finance officer. It may not approve a claim for which no appropriation appears in the budget, or for which the appropriation contains no encumbrance and the unencumbered balance is less than the amount to be paid. The local board shall approve payment by formal resolution stating the board's reasons for allowing the bill, invoice, or other claim. The resolution shall be entered in the minutes together with the names of those voting in the affirmative. The chairman of the board or some other member designated for this purpose shall sign the certificate on the check or draft given in payment of the bill, invoice, or other claim. If payment results in a violation of law, each member of the board voting to allow payment is jointly and severally liable for the full amount of the check or draft given in payment.~~

~~(p) Checks or Drafts Signed by Finance Officer. Except as otherwise provided by law, all checks or drafts on an official depository shall be signed by the finance officer or a properly designated deputy finance officer. The chairman of the local board or general manager of the local board shall countersign these checks and drafts. The Commission may waive the requirements of this subsection if the board determines that the internal control procedures of the unit or authority will be satisfactory in the absence of dual signatures.~~

~~(q) Payment of a Bill, Invoice, Salary, or Claim. A local board may not pay a bill, invoice, salary, or other claim except by a check or draft on an official depository or by a bank wire transfer from an official depository. Except as provided in this subsection, each check or draft on an official depository shall bear on its face a certificate signed by the finance officer or a deputy finance officer approved for this purpose by the local board (or signed by the chairman or some other member of the board pursuant to subsection (o) of this section). The certificate shall take substantially the following form~~

~~"This disbursement has been approved in the manner required by G.S. 18B-702.~~

~~_____~~

~~(Signature of finance officer)."~~

~~No certificate is required on payroll checks or drafts on an imprest account in an official depository if the check or draft depositing the funds in the imprest account carried a signed certificate. No certificate is required for expenditures of fifty dollars ($50.00) or less from a petty cash fund, provided the expenditure is accounted for by a receipt for the expended item.~~

(r) Borrowing Money. – A local board may not borrow ~~money only for the purchase of land, buildings, equipment and stock needed for the operation of its ABC system. A local board may pledge a security interest in any real or personal property it owns other than alcoholic beverages. A city or county whose governing body appoints a local board shall not in any way be held responsible for the debts of that board.~~money.

~~(s) Audits. A local board shall submit to the appointing authority and Commission an annual independent audit of its operations, performed in accordance with generally accepted accounting standards and in compliance with a chart of accounts prescribed by the Commission. The audit report shall contain a summary of the requirements of this Chapter, or of any local act applicable to that local board, concerning the distribution of profits of that board and a description of how those distributions have been made, including the names of recipients of the profits and the activities for which the funds were distributed. A local board shall also submit to any other audits and submit any reports demanded by the appointing authority or the Commission.~~

~~(t) Deposits and Investments. A local board may deposit monies at interest in any bank or trust company in this State in the form of savings accounts or certificates of deposit. Investment deposits shall be secured as provided in G.S. 159-31(b) and the reports required by G.S. 159-33 shall be submitted. A local board may invest all or part of the cash balance of any fund as provided in G.S. 159-30(c) and (d), and may deposit any portion of those funds for investment with the State Treasurer in the same manner as State boards and commissions under G.S. 147-69.3.~~

~~(u) Compliance with Commission Rules. The Commission shall adopt, and each local board shall comply with, fiscal control rules concerning the borrowing of money, maintenance~~

~~of working capital, investments, appointment of a budget officer, appointment of a financial officer, daily deposit of funds, bonding of employees, auditing of operations, and the schedule, manner and other procedures for distribution of profits. The Commission may also adopt any other rules concerning the financial operations of local boards which are needed to assure the proper accountability of public funds. The Commission may vary these rules and regulations according to any other criteria reasonably related to the purpose or complexity of the financial operations involved. The Commission has the authority to inquire into and investigate the internal control procedures of a local board and may require any modifications in internal control procedures which, in the opinion of the Commission, are necessary or desirable to prevent embezzlements or mishandling of public monies.~~

~~(v) Penalties. If a board member or employee of a local board incurs an obligation or pays out or causes to be paid out any funds in violation of this section, the member or employee and the sureties on the official bond are liable for any sums so committed or disbursed. If the finance officer or any properly designated deputy finance officer gives a false certificate to any contract, agreement, purchase order, check, draft, or other document, the finance officer and the sureties on the official bond are liable for any sums illegally committed or disbursed thereby.~~

(w) Applicability of Criminal Statutes. – The provisions of G.S. 14-90 and G.S. 14-254 shall apply to any person appointed to or employed by a local board, and any person convicted of a violation of G.S. 14-90 or G.S. 14-254 shall be punished as a Class H felon.

(x) Local Acts. – Notwithstanding the provisions of any local act, this section applies to all local boards.

"**§ 18B-703. Merger of local ABC ~~operations.~~boards.**

(a) Conditions for Merger. – Any city governing body or board of county commissioners may merge its ABC ~~system~~ board with the ~~system~~ board of one or more other cities or counties ~~if:~~if both of the following conditions are met:

(1) ~~Stores operated by the systems of~~ Package stores in those jurisdictions serve the same general area or are in close proximity to each ~~other; and~~other.

(2) The merger is approved by the Commission.

(b) Appointment of Board. – Upon merger of ABC ~~systems,~~ boards, the local boards ~~for those systems~~ shall be replaced by one board appointed jointly by the appointing authorities for the previous boards.

(c) Distribution of ~~Profits.~~ Funds.– Before merger, the cities or counties involved shall agree upon a formula for distribution of the ~~profits of~~ funds received pursuant to G.S. 105-113.82(a) by the new merged ABC ~~system,~~ board, based as closely as practicable on the distribution previously authorized for the separate ~~systems.~~ boards. This formula for distribution shall be subject to approval by the Commission.

(d) Enforcement. – Local officers hired by the local ABC board for the merged ABC ~~system~~ board shall have the same territorial jurisdiction that officers for each of the merged boards would have.

(e) Dissolution. – Except as otherwise provided in this subsection, with the approval of the Commission, the cities or counties that have merged their ABC ~~systems~~ boards may dissolve the merged operation at any time and resume their prior separate operations. A city or county that has merged with another local board pursuant to the requirements of G.S. 18B-700(c1) may only dissolve a merged operation if one of the following applies:

(1) The city or county is merging with a different local board.

(2) The city or county ~~is ceasing operation of all ABC stores~~ has voted against the off-premises sale of spirituous liquor within the city or county.

(f) Other Details Negotiated. – Issues not addressed in this section concerning the merger or dissolution of ABC ~~systems,~~ boards, such as the method of appointment of the merged board, the size of the merged board, or the procedure for dissolution, may be negotiated by the affected cities and counties, subject to the approval of the Commission.

(g) Operation Follows General Law. – Except as otherwise provided in this section, the authority and operation of any local board established under this section shall be the same as for any other local board.

~~(h) Agreement for Joint Store Operations. – With the approval of the Commission, two or more governing bodies of counties and/or municipalities with ABC systems may enter into a written agreement whereby one or more ABC stores located within the counties and/or municipalities that are parties to the agreement shall be controlled and operated by the local ABC board specified in the agreement, even though said ABC store or stores are located outside the boundaries of the county or municipality of the local ABC board that will be operating the ABC store or stores that are subject to the agreement. The provisions of this section shall be effective as to such agreements insofar as is applicable. Issues not addressed in this section shall be negotiated by the parties, subject to the approval of the Commission.~~

…

"**~~§ 18B-705. Compliance with performance standards; remedies.~~**

~~(a) Local Board Compliance. – The Commission shall establish performance standards pursuant to G.S. 18B-203(a)(20). The Commission shall ensure that all local boards comply with established performance standards by conducting regular or special audits, conducting performance evaluations, or taking other measures, which may include inspections by Commission auditors or alcohol law enforcement agents.~~

~~(b) Performance Improvement Plans. – The Commission, upon determining that a local board is failing to meet performance standards established pursuant to G.S. 18B-203(a)(20), shall meet with the chair of the local board and the appointing authority and issue a statement of findings. The appointing authority, in consultation with the Commission and the local board, shall develop and deliver a performance improvement plan to the local board within 60 days of the meeting with the Commission. The performance improvement plan shall include, but not be limited to, recommendations for improved performance based on the performance standards established by the Commission. The plan shall also state a period of time in which the performance improvements are to occur and what action will be taken by the Commission if performance standards are not met within the given time limits. The appointing authority shall allow up to, but no more than, 12 months' time to the local board to implement and show improvement under the performance improvement plan. The local appointing authority, in consultation with the Commission and upon good cause shown, may allow up to an additional six-month period of time for the local board to meet all requirements in the performance improvement plan and to establish that the performance standards established by the Commission are met.~~

~~(c) Remedies. – If the Commission determines that the established performance standards identified in the statement of findings cannot be met after a performance improvement plan has been implemented and adequate time has been given, but in no case less than 12 months, the Commission shall take appropriate action to avoid insolvency. This action may include closing the board pursuant to G.S. 18B-801(d), closing a store or multiple stores, or merging the local board with another local board in order to maintain solvency. The Commission may also seize the assets of the local board and liquidate any assets necessary to satisfy any debt in order to maintain the solvency of the local board. Prior to taking action pursuant to this subsection, the Commission shall issue a notice of intent to take such action to the appointing authority and the local board.~~

~~(d) Local Acts. – Notwithstanding the provisions of any local act, this section applies to all local boards.~~

…

"**~~§ 18B-707. Authority to sample spirituous liquor products.~~**

~~Notwithstanding G.S. 18B-201(d) and G.S. 133-32, and any other provision of law, members of a local board and general managers or store managers of ABC stores may consume samples~~

~~of spirituous liquor products under consideration for approval for sale by the local board, free of charge. No person may consume more than one 0.25 ounce tasting sample of each product for this purpose. Such a sample shall not constitute a gift for purposes of G.S. 133-32. Tastings may be conducted pursuant to this section on property owned by the local board but may not be conducted in publicly accessible areas of any ABC store.~~

"**~~§ 18B-708. Sale of certain spirituous liquors below distiller's price.~~**

~~(a) Notwithstanding G.S. 18B-804(b), the Commission may authorize a local board to sell certain spirituous liquors below the price paid by the local board for the spirituous liquors, including the bailment charge and surcharge, upon request from the local board. Before allowing the local board to sell spirituous liquor below the price paid by the local board, the Commission shall verify that allowing the price reduction will not cause the local board to operate at an annual net loss or, if the local board was already operating at a loss, will not cause the local board to incur additional annual net revenue losses.~~

~~(b) If a distillery requests to be notified if its products are authorized for pricing below the distiller's price pursuant to this section, the Commission shall notify the distiller of the product and the local board for which the reduced pricing is authorized within 24 hours of the authorization. The Commission shall notify the local board upon authorization if the distillery has requested to be notified. The distillery shall have the right of first refusal to purchase any of the distillery's products that a local board requests to sell pursuant to this section for the price authorized by the Commission for two business days prior to the reduction of the retail price in the ABC store. If the distillery has not purchased the products within two business days after being notified of the reduced pricing by the Commission, the local board may reduce the retail price. If the distillery has not requested to be notified if its products are authorized for pricing below the distiller's price pursuant to this section, the local board may reduce the retail price immediately upon authorization by the Commission.~~

"**§ 18B-709. Authorization of additional package stores.**

(a) Number of Stores. – Each local board may authorize the operation of package stores in the board's jurisdiction, with the approval of the Commission, and subject to the following population requirements:

(1) If the jurisdiction of the local ABC board has a total population of less than 100,000, not more than one store per 20,000.

(2) If the jurisdiction of the local ABC board has a total population of at least 100,000 but less than 250,000, not more than one store per 25,000.

(3) If the jurisdiction of the local ABC board has a total population of 250,000 or more, not more than one store per 30,000.

(b) Exception Upon New Election and Merger. – Notwithstanding the population limitations of subsection (a) of this section, if a jurisdiction holds an off-premises spirituous liquor election under G.S. 18B-602(g) and is required to merge with an existing local board pursuant to G.S. 18B-700(c1), the merged local board may authorize at least one package store within the jurisdiction that held the election. Any additional stores must meet the population requirements of subsection (a) of this section.

(c) Location of Stores. – A local board may authorize package stores within its jurisdiction for a specific location, subject to the approval of the Commission. In making its decision on the authorization of a package store in a particular location, the Commission may consider:

(1) Whether the health, safety, or general welfare of the community will be adversely affected.

(2) Whether the citizens of the community or city in which the proposed store is to be located voted for or against off-premises sale of spirituous liquor in the last election on the question.

(3) The proximity of the new location to existing package stores.

(d) Notwithstanding subsection (c) of this section, no local board may authorize a package store at any location within the corporate limits of a municipality if the governing body of the municipality has passed a resolution objecting to the location of the proposed package store and the resolution is based upon information and evidence presented to the governing body of the municipality at a public hearing. If a municipality objects to the location of a proposed package store, the local board may request the Commission to approve the proposed package store location notwithstanding the objection of the municipality. The Commission shall have final authority to determine if the operation of a package store at the contested proposed location is suitable.

Upon notice given to the Commission by an affected municipality, any statutory and administrative time limits allowed for objections to, or public hearings concerning the location of, a package store shall be extended by 45 days to allow a municipality sufficient time to conduct a public hearing and submit its objection and resolution to the Commission."

SECTION 3.(b) Notwithstanding the population requirements of G.S. 18B-709, as enacted by subsection (a) of this section, any ABC store in operation by a local board on July 1, 2027, may be sold pursuant to Section 1 of this act, and the authority to operate as a package store shall be valid.

SECTION 3.(c) From July 1, 2028, until June 30, 2029, the amendments to Article 7 of Chapter 18B of the General Statutes provided in this section apply to local ABC boards that have ceased operation of ABC stores pursuant to Section 1 of this act. Local ABC boards that have not yet ceased operation of ABC stores during this period shall continue to have any necessary authority provided by Article 7 of Chapter 18B of the General Statutes as it reads on June 30, 2028. On July 1, 2029, the provisions of this section apply to all local ABC boards.

SECTION 3.(d) Except as provided in subsection (c) of this section, this section becomes effective July 1, 2028.

PART IV. PHASE IN OF OFF-PREMISES SPIRITUOUS LIQUOR AND LIQUOR WHOLESALER PERMITS

SECTION 4. Article 9 of Chapter 18B of the General Statutes reads as rewritten:

"Article 9.

"Issuance of Permits.

"**§ 18B-900. Qualifications for permit.**

…

(d) Manager of Off-Premises Establishment. – Although 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 is not otherwise required to meet the requirements of this section, the manager must be at least 19 years old and must meet the requirements of subdivisions (3), (4), (5) and (6) of subsection (a) of this section.

…

"**§ 18B-902. Application for permit; fees.**

…

(d) 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) Liquor wholesaler permit – $1,000.

…

"**§ 18B-903. Duration of permit; renewal and transfer.**

(a) Duration. – Once issued, ABC permits shall be valid for the following periods, unless earlier surrendered, suspended or revoked:

(1) On-premises and off-premises malt beverage, unfortified wine, and fortified wine permits; off-premises spirituous liquor permits; culinary permits; and all permits listed in G.S. 18B-1100 shall remain valid indefinitely.

(2) Limited special occasion permits shall be valid for 48 hours before and after the occasion for which the permit was issued.

(3) Special one-time permits issued under G.S. 18B-1002 shall be valid for the period stated on the permit.

(4) Temporary permits issued under G.S. 18B-905 shall be valid for 90 days. After 90 days, a temporary permit shall no longer be deemed a temporary permit and shall be deemed to have been issued under either subdivision (a)(1) or (a)(5) of this section, as applicable, and shall remain valid pursuant to the applicable subdivision.

(5) All other ABC permits shall be valid for one year, from May 1 to April 30.

…

(b1) Registration. – Each person holding a malt beverage, fortified wine, ~~or~~ unfortified ~~wine permit~~ wine, or off-premises spirituous liquor permit issued pursuant to G.S. 18B-902(d)(1) through ~~G.S. 18B-902(d)(6)~~ G.S. 18B-902(d)(6a) shall register by May 1 of each year on a form provided by the Commission, in order to provide information needed by the State in enforcing this Chapter and to support the costs of that enforcement. The registration required by this subsection shall be accompanied by an annual registration and inspection fee of four hundred dollars ($400.00) for each malt beverage, fortified wine, or unfortified wine permit ~~held.~~ held and an annual registration and inspection fee of one thousand dollars ($1,000) for each off-premises spirituous liquor permit held. The fee shall be paid by May 1 of each year. A registration fee shall not be refundable. Failure to pay the annual registration and inspection fee shall result in revocation of the permit.

…

(c) Change in Ownership. –

…

(2) Notwithstanding subsection (e) of this section, any person who through contract, lease, management agreement, or change of ownership or transfer of business as provided in subdivision (1) of this subsection becomes lawfully entitled to use and control of the premises of an establishment that holds permits immediately prior to such change of ownership may continue to operate the establishment, as successor to the prior permittee, to the same extent as the predecessor permittee until the person receives a temporary or new permit, including purchasing malt beverages, unfortified wine, or fortified wine to be resold for on-premises or off-premises consumption, spirituous liquor to be resold for off-premises consumption, or spirituous liquor for use in mixed beverages sold by the establishment, as applicable under the permit, subject to the following limitations:

a. The person shall provide written or electronic notice to the Commission of the name of the non-permitted person, the name and address of the permitted establishment, and the date of the change in ownership. The person may not operate the establishment as provided in this subdivision until the person has provided notice to the Commission. The Commission shall not require any additional

documentation besides the written or electronic notice to satisfy this requirement. The prior permittee shall not be liable for any acts or omissions of the non-permitted person operating the establishment. Any alcoholic beverage offenses committed by the person or any actions taken by the Commission to revoke or suspend the permit based on the acts or omissions of the person operating the establishment shall not preclude the prior permittee from receiving an ABC permit for a different establishment.

b. The person shall submit a new permit application to the Commission within 60 days after the change of ownership. If the person does not apply for a new permit within 60 days, all permits for the establishment shall automatically expire and shall be surrendered to the Commission. If the person has applied to the applicable local government for the Inspection/Zoning Compliance and Local Government Opinion forms required for the application but has not received approvals or denials from the local government within the 60-day period, the applicant may submit a sworn affidavit with the application stating that the person has applied to the local government for the Inspection/Zoning Compliance and Local Government Opinion approvals in lieu of those approvals. The person shall send the local government approvals or denials to the Commission within three business days of receiving the approvals or denials. If the local government finds the person to be in noncompliance, the person may not operate during the transition period allowed by this subdivision until the establishment is brought into compliance.

c. The 60-day period to file a new permit application shall only be allowed once per 24 months for each establishment that holds an ABC permit, unless the establishment requests and the Commission grants a waiver of the 24 month requirement. The Commission shall grant a waiver of the 24 month requirement if it determines that the public health, safety, and welfare would not be harmed by granting the waiver.

d. This subdivision shall apply only to establishments that hold ABC permits that are in good standing and that have not been found responsible by the Commission or a court of competent jurisdiction of a gambling, assault, disorderly conduct, prostitution, or controlled substances violation within 12 months prior to the date the non-permitted person becomes entitled to use and control of the establishment.

e. The person shall be authorized to operate the establishment as successor to the prior permittee to the same extent as the predecessor permittee until the Commission either issues or denies the permit application submitted pursuant to sub-subdivision b. of this subdivision.

…."

SECTION 5. Article 10 of Chapter 18B of the General Statutes reads as rewritten:

"Article 10.

"Retail Activity.

"**§ 18B-1000. Definitions concerning establishments.**

The following requirements and definitions shall apply to this Chapter:

…

(4b) Package store. – An establishment that is authorized by a local ABC board to sell spirituous liquor in the original manufacturer's container for off-premises consumption.

…

(7) Retail business. – An ~~establishment~~ establishment, other than a package store, that is engaged in any retail business, regardless of whether food is sold on the premises.

…

"**§ 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:

…

(6) Off-Premises Fortified Wine Permit. – An off-premises fortified wine permit authorizes the retail sale of fortified wine in the manufacturer's original container for consumption off the premises and it authorizes the holder of the permit to ship fortified wine in closed containers to individual purchasers inside and outside the State. The permit may be issued for food ~~businesses.~~ businesses or package stores. The permit may also be issued for a winery for sale of its own fortified wine. Orders received by a winery by telephone, internet, mail, facsimile, or other off-premises means of communication shall be shipped pursuant to a wine shipper permit and not pursuant to this subdivision. The permit also authorizes the permittee to transfer fortified wine, not more than four times per calendar year, to another off-premises fortified wine permittee that is under common ownership or control as the transferor. Except as authorized by this subdivision, transfers of wine by off-premises fortified wine permittees, purchases of wine by a retail permittee from another retail permittee for the purpose of resale, and sale of wine by a retail permittee to another retail permittee for the purpose of resale are unlawful. In addition, a particular brand of wine may be transferred only if both the transferor and transferee are located within the territory designated between the winery and the wholesaler on file with the Commission. Prior to or contemporaneous with any such transfer, the transferor shall notify each wholesaler who distributes the transferred product of the transfer. The notice shall be in writing or verifiable electronic format and shall identify the transferor and transferee, the date of the transfer, quantity, and items transferred.

(6a) Off-Premises Spirituous Liquor Permit. – An off-premises spirituous liquor permit authorizes the retail sale of spirituous liquor in the manufacturer's original container for consumption off the premises. The permit may only be issued to package stores. A holder of an off-premises spirituous liquor permit must display a warning sign provided by the Commission pursuant to G.S. 18B-203(c) to inform the public of the effects of alcohol consumption during pregnancy. The warning sign must be displayed 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~~ 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~~ 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~~ 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~~ beverages, and spirituous liquor to retailers issued permits pursuant to G.S. 18B-1001 or G.S. 18B-1002(a)(2) or (5).

…."

SECTION 6. Article 11 of Chapter 18B of the General Statutes reads as rewritten:

"Article 11.

"Commercial Activity.

"**§ 18B-1100. Commercial permits.**

The Commission may issue the following commercial permits:

…

(10) Malt beverages wholesaler

(10a) Liquor wholesaler

…

"**§ 18B-1105. Authorization of distillery permit.**

(a) The holder of a distillery permit may do any of the following:

…

(2) Sell, deliver and ship spirituous liquor in closed containers ~~at wholesale to (i) exporters and local boards within the State, and, (ii) subject~~ in compliance with either of the following:

a. 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 sub-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.

b. Subject to the laws of other jurisdictions, at wholesale or retail to consumers in other states or nations, or private or public agencies or establishments of other states or nations, except that the holder of a distillery permit may not sell, deliver, or ship spirituous liquor at retail to consumers in jurisdictions that require reciprocity in order to allow such sales, deliveries, or shipments.

(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 or produced at the distillery in closed containers to visitors who tour the distillery for consumption off the premises. The length, content, and other parameters of the tour shall be at the discretion of the distillery, and the distillery shall not be required to maintain records related to tours. 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 may occur between the hours of 9:00 A.M. and 9:00 P.M. on Monday through Saturday of each week, from 12:00 noon to 9:00 P.M. on Sundays, and from 9:00 A.M. to 9:00 P.M. on each of the following holidays that do not fall on a Sunday: New Year's Day, Fourth of July, Labor Day, and Thanksgiving Day. 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 any labeling requirements set by law. A bottle of spirituous liquor sold under this subdivision may have personalized labeling. The personalized labeling shall comply with any other labeling requirements set by law. The personalized labeling shall not cover any portion of the manufacturer's original label. For purposes of this subdivision, the term "personalized labeling" means the inclusion of any of the following on the label:

a. The name of the purchaser of the bottle or the name of any individual, business entity, or club on whose behalf the bottle is purchased.
b. "Bottled for," "distilled for," "in honor of," or other similar language.
c. Dates, locations, occasions, and other similar information.

…

(7) Obtain a liquor wholesaler permit to sell, deliver, and ship at wholesale up to 50,000 proof gallons of spirituous liquor manufactured by the distillery per year to unaffiliated package stores. The authorization of this subdivision applies to a distillery that sells, to consumers at the distillery, to wholesalers, to package stores, and to exporters, fewer than 100,000 proof gallons of spirituous liquor produced by it per year. The proof gallon limitations set forth in this subdivision apply regardless of the number or type of permits that may be issued to a distillery under this Chapter.

…

(e) Sales Report Upon Commission Request. – Within 60 days of a request by the Commission, a holder of a distillery permit who obtains a liquor wholesaler permit pursuant to subdivision (7) 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 under subdivision (4), (4a), (4b), (4c), or (5) of subsection (a) of this section.
(3) The quantity and dollar amount of spirituous liquor sold at wholesale under subdivision (7) 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.

"**§ 18B-1105.1. Authorization of liquor importer/bottler permit.**

The holder of a liquor importer/bottler permit may:

(1) ~~Receive~~ Import 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) Receive spirituous liquor in closed containers into the State for storage, sale, shipment, and transshipment to the State warehouse or, subject to the laws of other jurisdictions, to private or public agencies or establishments of other states or nations.~~

(6) Store the spirituous liquor.

(7) Sell the spirituous liquor to liquor wholesalers for purposes of resale.

…

"**§ 18B-1109.1. Authorization of liquor wholesaler permit.**

The holder of a 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.

…

"**§ 18B-1110.1. Authorization of packaging and logistics permit.**

(a) Authorization. – The holder of a packaging and logistics permit may:

…

(5) Deliver and ship spirituous liquor as provided in this section in closed containers at wholesale to exporters and ~~local boards~~ to liquor wholesalers within the State.

(6) Subject to the laws of other jurisdictions, deliver and ship malt beverages, unfortified wine, fortified wine, and spirituous liquor as provided in this section to out-of-state suppliers or at wholesale or retail to private or public agencies or establishments of other states or nations.

…

"**§ 18B-1111. Authorization of salesman permit.**

(a) Authorized Acts. – The holder of a salesman permit may (i) sell and transport malt beverages for a malt beverage ~~wholesaler or~~ wholesaler, (ii) sell and transport unfortified and

fortified wine for a wine ~~wholesaler.~~wholesaler, or (iii) sell and transport spirituous liquor for a liquor wholesaler.

…

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

(a) The following businesses may apply for and obtain a nonresident spirituous liquor vendor permit:

(1) A business located outside the State that is licensed or permitted to manufacture spirituous liquor in the jurisdiction where the business is located and whose products are lawfully sold in this State.

(2) A brokerage.

(3) A liquor importer/bottler.

(a1) The holder of a nonresident spirituous liquor vendor permit may sell, deliver, and ship spirituous liquor that has been approved for sale in this State to wholesalers, importers, and bottlers licensed under this Chapter, as authorized by the ABC laws. The spirituous liquor shall come to rest at the licensed premises of a liquor wholesaler in this State before being resold to a package store.

(b) The holder of a nonresident spirituous liquor vendor permit may deliver and ship spirituous liquor that has been approved for sale in this State to the permit holder's (i) employees in the State and (ii) brokerage if the brokerage also holds a nonresident spirituous liquor vendor permit for the purposes of conducting special events pursuant to G.S. 18B-1114.7. The permit holder may not ship or deliver more spirituous liquor to its employees or brokerage than is necessary for any consumer tasting event scheduled within one calendar month of the shipment or delivery. Nothing in this section shall be interpreted to require a business to possess or obtain a nonresident spirituous liquor vendor permit to do business in the State or to obtain a spirituous liquor special event permit pursuant to G.S. 18B-1114.7.

~~(c) For purposes of this section, "distillery" means the holder of a distillery permit issued under G.S. 18B-1105 or a business located outside the State that is licensed or permitted to manufacture spirituous liquor in the jurisdiction where the business is located and whose products are lawfully sold in this State.~~

…

"**§ 18B-1114.7. Authorization of spirituous liquor special event permit.**

(a) Authorization. – The holder of a supplier representative permit, brokerage representative permit, nonresident spirituous liquor vendor permit, or distillery permit issued under G.S. 18B-1105 may obtain a spirituous liquor special event permit allowing the permittee to give free tastings of its spirituous liquors at ~~ABC stores where the local board has approved the tasting, at~~ package stores, shopping malls, or at trade shows, conventions, street festivals, holiday festivals, agricultural festivals, balloon races, farmers markets, local fund-raisers, and other similar events approved by the Commission. Additionally, the holder of a spirituous liquor special event permit may sell mixed beverages or provide at no cost spirituous liquor distilled or produced at the distillery in closed containers at trade shows, conventions, agricultural festivals, farmers markets, local fund-raisers, and other similar events approved by the Commission. The permit shall be issued in the name of the distillery or, if issued to a supplier representative, brokerage representative, or nonresident spirituous liquor vendor, in the name of the nonresident spirituous liquor vendor or the name of the business the supplier representative or brokerage representative represents.

…

(b1) General Limitations on Sales of Mixed Beverages. – The sale of mixed beverages in conjunction with a consumer tasting under a spirituous liquor special event permit is subject to the following limitations:

(1) The sale of mixed beverages in conjunction with a consumer tasting is not authorized at package stores, shopping malls, street festivals, holiday festivals, or balloon races.
(2) The mixed beverages shall contain only spirituous liquor distilled or produced at the distillery.
(3) The permit holder or the permit holder's authorized agent shall conduct the sale of mixed beverages, and the permit holder shall be solely responsible for any violations of this Chapter occurring in connection with the event.
(4) The permit holder or the permit holder's authorized agent may only sell mixed beverages containing products from one distillery per booth, kiosk, or display.
(5) The mixed beverage shall be prepared only by either (i) the permit holder or the permit holder's authorized agent conducting the consumer tasting or (ii) an employee of the permit holder or the permit holder's authorized agent conducting the consumer tasting who is at least 21 years of age.
(6) The permit holder or the permit holder's authorized agent shall not knowingly sell more than two mixed beverages to a customer per calendar day, per distillery.
(7) The permit holder or the permit holder's authorized agent shall not sell or serve mixed beverages to any consumer who is visibly intoxicated.
(8) The permit holder or the permit holder's authorized agent shall not sell or serve mixed beverages to any consumer under 21 years of age. The person preparing the mixed beverage shall be responsible for verifying the age of the consumer being served by checking the identification of the consumer.
(9) The sale of mixed beverages shall not be allowed unless the venue is located in a jurisdiction that has approved the sale of mixed beverages.
(10) Mixed beverages may not be sold between the hours of 2:00 A.M. and 7:00 A.M., except that on Sundays mixed beverages may not be sold until 12:00 noon unless otherwise authorized by local ordinance pursuant to G.S. 153A-145.7 or G.S. 160A-205.3.

…

~~(c) Additional Limitations on Tastings in ABC Stores. Consumer tastings conducted in an ABC store shall have the following additional limitations:~~

~~(1) The spirituous liquor used in the consumer tasting event shall be purchased by the permit holder from any ABC store at the price set by the Commission. The permit holder shall remove from the premises any remaining spirituous liquor used in the consumer tasting event at the conclusion of the consumer tasting event.~~

(1a) Repealed by Session Laws 2022-51, s. 5(b), effective July 7, 2022.

~~(2) A local board may allow consumer tasting events to be conducted only between the hours of 1:00 P.M. and 7:00 P.M. on any day the ABC store, where the consumer tasting event is being held, is authorized by law to sell spirituous liquor. No consumer tasting event shall be conducted for more than three hours.~~

~~(3) The local board shall limit the consumer tasting events allowed per ABC store as follows:~~

~~a. No more than three consumer tasting events may be held per calendar week.~~

~~b. No more than two different permit holders may conduct a consumer tasting event at the same time.~~

~~(4) Notwithstanding subdivision (3) of subsection (b) of this section, the total amount of the tasting samples offered to and consumed by each consumer at~~

~~a consumer tasting event shall not exceed one-half ounce of spirituous liquor in any calendar day.~~

~~(5) The permit holder conducting the event may provide point-of-sale advertising materials and advertising specialties to consumers at the consumer tasting event, but shall not conduct any sales of any branded merchandise or apparel to consumers at the consumer tasting event.~~

~~(6) The local board may post notice of the consumer tasting event at the local board's administrative offices and at any of the ABC stores within the local board's system and may provide notice of the consumer tasting event to any mixed beverage permittee that purchases spirituous liquor from an ABC store within the local board's system. Except as permitted by this subdivision, no local board or permit holder shall advertise or promote the consumer tasting event to the public or cause any person to do so on its behalf.~~

~~(7) The permit holder shall provide written notice of the consumer tasting event to the ABC Commission at least 48 hours before the consumer tasting event. The notice shall include all of the following:~~

~~a. The date and time of the consumer tasting event.~~

~~b. The ABC store at which the consumer tasting event will be conducted.~~

~~c. The spirituous liquor that will be provided for tasting at the consumer tasting event.~~

~~(8) The Commission shall adopt rules to ensure that local ABC boards that choose to allow tastings provide holders of distillery permits issued under G.S. 18B-1105 with reasonable opportunities to conduct tastings.~~

~~(9) Any tasting conducted in an ABC store shall be the sole responsibility of the permit holder. No employee of a local board may participate in or conduct a tasting in an ABC store.~~

~~(10) Any additional conditions imposed by the local board. Any additional conditions shall be in writing, and the local board shall post notice of the additional conditions at the local board's administrative offices and provide a copy of that notice to any permit holder upon request.~~

~~(11) Except as otherwise provided in this section, a permit holder conducting a consumer tasting event pursuant to this section shall not provide any consideration to the local board, its board members, or its employees for any purpose related to the consumer tasting event. A consumer tasting event shall not be used by permit holders for unlawful inducements to a local board.~~

(d) For purposes of this section, "distillery" means the holder of a distillery permit issued under G.S. 18B-1105 or a business located outside the State that is licensed or permitted to manufacture spirituous liquor in the jurisdiction where the business is located and whose products are lawfully sold in 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 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, 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.

…."

SECTION 7. Chapter 18B of the General Statutes is amended by adding a new Article to read:

"Article 14.

"Spirituous Liquor Franchise Law.

"**§ 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 liquor wholesalers and distilleries and in the continuation of liquor wholesalerships on a fair basis.

(2) To protect liquor wholesalers against unfair treatment by distilleries.

(3) To provide liquor wholesalers with rights and remedies in addition to those existing by contract or common law.

(4) To govern all 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 distillery holding a valid 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 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 liquor wholesaler is granted the right to offer and sell a brand offered by a distillery.

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

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

d. A relationship whereby the 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 liquor wholesaler within this State.

f. The payment by a liquor wholesaler and the acceptance of payment by any distillery or its agent for the shipment of any order of spirituous liquor 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) Liquor wholesaler. – Any holder of a 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 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 liquor wholesaler to accept delivery of any alcoholic beverage or any other commodity which has not been ordered by the liquor wholesaler.

(2) Induce, coerce, or attempt to induce or coerce any 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 liquor wholesaler.

(3) Require a 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 package store 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 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 July 1, 2028, shall be reported to the Commission within 30 days.

(b) A wholesaler shall service package stores within its designated territory without discrimination. Upon request from a package store, 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 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 (f) of this section, a distillery shall provide a wholesaler with 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 of 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 of 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 liquor wholesaler for the 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 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.

"**§ 18B-1410. Management.**

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 of 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 distillery 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 8. Sections 4 through 7 of this act become effective January 1, 2028. The Commission may issue liquor wholesaler permits beginning January 1, 2028, but shall limit the permits such that a liquor wholesaler may not sell spirituous liquor to any package store until July 1, 2028.

PART V. REVISIONS TO CHAPTER 18B OF THE GENERAL STATUTES BEFORE PHASE OUT OF ABC STORES

SECTION 9. Article 1 of Chapter 18B of the General Statutes reads as rewritten:

"Article 1.

"General Provisions.

…

"**§ 18B-101. Definitions.**

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

…

(13a) "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-112. Tribal alcoholic beverage control.**

…

(b1) In accordance with G.S. 18B-1004(c), the Eastern Band of Cherokee Indians and the Catawba Indian Nation 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 Tribal Commissions. – In accordance with the provisions of 18 U.S.C. § 1161, the Eastern Band of Cherokee Indians and the Catawba Indian Nation are each 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. Each 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 tribe 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 and wine~~ 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 each tribe to offset costs of operating the tribal alcoholic beverage control commission.

…."

SECTION 10. Article 2 of Chapter 18B of the General Statutes reads as rewritten:

"Article 2.

"State Administration.

…

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

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

…

(11) Approve or disapprove the ~~opening and location of ABC stores,~~ location of package stores, as provided in ~~Article 8;~~Article 7.

…

~~(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: (i) installations of the Armed Forces of the United States within this State for resale on the installation; (ii) 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; and (iii) to the Catawba Indian Nation for resale on Indian Country lands within the State under the jurisdiction of the Catawba Indian Nation.~~

(18) Provide for the distribution and posting of warning signs to local ABC boards and spirituous liquor permittees regarding the dangers of alcohol consumption during pregnancy as required under G.S. 18B-808;

…

"**§ 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.

…."

SECTION 11. Article 3 of Chapter 18B of the General Statutes reads as rewritten:

"Article 3.

"Sale, Possession, and Consumption.

…

"**§ 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,~~ place 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. Unless a consumer tasting authorized by G.S. 18B-1114.7 is being conducted, on the premises of an ABC store.

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.

d. On the premises of a package store holding an off-premises spirituous liquor permit pursuant to G.S. 18B-1001.

…."

SECTION 12. Article 4 of Chapter 18B of the General Statutes reads as rewritten:

"Article 4.

"Transportation.

…

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

…

(c) Designated Store. – A mixed beverage permittee may purchase spirituous liquor from an ABC store that is designated as a mixed beverage ABC store operated by any local ~~board~~ board, or a package store, operating in the same county as the permittee.

…."

SECTION 13. Article 5 of Chapter 18B of the General Statutes reads as rewritten:

"Article 5.

"Law Enforcement.

…

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

…

(e) Sale Procedure. – The sale of unfortified ~~wine or~~ wine, fortified ~~wine~~ 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.~~

…."

SECTION 14. Article 8 of Chapter 18B of the General Statutes reads as rewritten:

"Article 8.

"Operation of ABC Stores.

…

"**§ 18B-808. Warning signs regarding dangers of alcohol consumption during pregnancy required; posting.**

(a) Each ABC store or package store 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 local ABC ~~boards~~ boards, and to package stores, 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.

…

(d) ~~A local ABC board shall ensure that each ABC store manager displays~~ ABC stores and package stores shall display the warning sign in an open and prominent place in the store within 30 days of receipt of the sign from the Commission.

…."

SECTION 15. Article 10 of Chapter 18B of the General Statutes, as amended by Section 5 of this act, reads as rewritten:

"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:

…

(12a) Mobile Bar Services Permit. – A mobile bar services permit may be issued to a business that provides bartending services for events. The permit authorizes the permittee to bring malt beverages, unfortified wine, fortified wine, and spirituous liquor onto the premises of a business that is not an ABC permittee and to serve the alcoholic beverages to guests at the event. The permittee may purchase malt beverages and unfortified wine from either a retailer or a wholesaler. The permittee may purchase fortified wine from either an ABC store or a wholesaler. The permittee shall purchase spirituous liquor from an ABC store ~~that is designated as a mixed beverage ABC store operated by any local board~~ or package store operating in the same county where the permittee's principal office is located. The permittee may not serve alcoholic beverages pursuant to a mobile bar services permit on the premises of any location owned or possessed by the permittee. The permittee shall notify the Commission, in writing, of the location of any event where the permittee will serve alcoholic beverages not less than one week before the event and shall have the permission of the owner or possessor of the property on which the event is to be held. Any person serving alcoholic beverages at the event shall be at least 21 years of age. Alcoholic beverages may be transported by the mobile bar services permit holder to the premises of the event no earlier than 8:00 A.M. At the conclusion of the event, all alcoholic beverages must be removed from the premises no later than 12:00 noon of the following day. A limited special occasion permit shall not be required for an event at which alcoholic beverages are exclusively provided by the holder of a mobile bar services permit. The holder of a mobile bar services permit may bring alcoholic beverages onto the premises and serve the alcoholic beverages at an event regardless of whether there is a charge or fee for guests to attend the event. This permit does not allow the retail sale of individual alcoholic beverages to guests at an event.

…

"**§ 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 that is designated as a mixed beverage ABC store operated by any local ~~board~~ board, or a package store, operating in the same county as the permittee.

…."

SECTION 16. Sections 9 through 15 of this act become effective July 1, 2028, and expire June 30, 2029.

PART VI. REVISIONS TO CHAPTER 18B OF THE GENERAL STATUTES AFTER PHASE OUT OF ABC STORES

SECTION 17. Article 1 of Chapter 18B of the General Statutes reads as rewritten:

"Article 1.
"General Provisions.

…

"**§ 18B-101. Definitions.**

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

…

~~(3)~~ ~~"ABC system" means a local board, all ABC stores operated by a local board, and the designated ABC law enforcement officers employed pursuant to G.S. 18B-501.~~

…

~~(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,~~ finance officer of the appointing jurisdiction of the local board 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.

…

~~(7a)~~ ~~"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.~~

…

(13a) "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~~ 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.**

…

(b1) In accordance with G.S. 18B-1004(c), the Eastern Band of Cherokee Indians and the Catawba Indian Nation 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 Tribal Commissions. – In accordance with the provisions of 18 U.S.C. § 1161, the Eastern Band of Cherokee Indians and the Catawba Indian Nation are each 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. Each 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 tribe 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 and wine~~ 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 each tribe 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.

…."

SECTION 18. Article 1A of Chapter 18B of the General Statutes reads as rewritten:

"Article 1A.

"Compensation for Injury Caused by Sales to Underage Persons.

…

"**§ 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~~ the permittee's 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~~ that sold or furnished the alcoholic beverage shall be joint and several, with right of contribution but not indemnification.

…."

SECTION 19. Article 2 of Chapter 18B of the General Statutes reads as rewritten:

"Article 2.

"State Administration.

…

"**§ 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,~~ package stores, as provided in ~~Article 8;~~Article 7;

(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: (i) installations of the Armed Forces of the United States within this State for resale on the installation; (ii) 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; and (iii) to the Catawba Indian Nation for resale on Indian~~

~~Country lands within the State under the jurisdiction of the Catawba Indian Nation.~~

(18) Provide for the distribution and posting of warning signs to ~~local ABC boards~~ off-premises spirituous liquor permittees regarding the dangers of alcohol consumption during pregnancy as required under ~~G.S. 18B-808;~~subsection (c) of this section.

(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.~~

(23) Provide for a method for permittees and applicants to establish compliance with all local ordinances, and State and federal laws.

…

(c) The Commission shall develop warning signs to inform the public of the effects of alcohol consumption during pregnancy and provide for their distribution and replacements to off-premises spirituous liquor permittees. The Commission may charge a reasonable fee, not to exceed twenty-five dollars ($25.00), for each sign, including replacement signs.

The signs developed pursuant to this subsection shall meet all of the following criteria:

(1) Be composed of black, capital letters printed on white paper at the minimum weight of one hundred ten 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) The size of the sign shall be at least 8 1/2 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.

"**~~§ 18B-204. State warehouse.~~**

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

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

~~(2) By negotiated contract with privately owned warehouses in several regions of the State. The Commission shall choose locations for the warehouses to promote efficient distribution of spirituous liquor to all local boards, to~~

maintain control of that liquor, and to insure the Commission's supervision of warehousing procedures.

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

(a1) Distribution of Spirituous Liquor; No Discrimination. The Commission shall make a good-faith effort, without discrimination, to make all spirituous liquor distributed by the Commission available to all local boards. The Commission shall adopt rules regarding the ordering of spirituous liquor by local boards and may suspend distribution to a local board of any limited product required to be recorded pursuant to subsection (a3) of this section for a violation of any rule concerning the ordering of the limited product.

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

(a3) Limited Product Record Required; Transparency. The Commission shall maintain a record of all products that the Commission either (i) limits distribution of due to limited availability or (ii) allocates the distribution of to local boards. The record shall be updated at least monthly and made available to all local boards and shall include the following for all limited distribution or allocated products received by the Commission:

(1) The product code number.

(2) The brand name.

(3) The quantity received by the Commission.

(4) The date received by the Commission.

(5) The name of each local board that received the product, the date each local board received the product, and the quantity each local board received.

(b) Audits and Inspections. Contracts entered into pursuant to this section shall provide all of the following:

(1) That an annual audited financial statement be prepared and submitted to the Commission by the person contracting with the Commission.

(2) That all warehouse records be available for inspection at all times by the Commission and the Department of Revenue.

(3) That all warehouse accounts relating to the receipt, storage, or distribution of spirituous liquor be subject to audit by the State Auditor.

(c) Emergency or Temporary Operation. If the independent operator of a warehouse changes, or if some other occurrence results in substantially impeded distribution of spirituous liquor from a warehouse, the Commission may operate that warehouse on an interim emergency or temporary basis.

(d) Rules. The Commission may adopt rules regarding warehouse operations, and violations of those rules by a party with whom the Commission contracts shall be grounds for termination by the Commission of a contract entered into under this section.

"**§ 18B-205. Accounts and reports required.**

(a) Accounts and Reports. The Commission may require local boards to submit quarterly mixed beverage reports, quarterly and annual audits, monthly sales records, and any other reports or audits relating to the operations of the local ABC systems.

(b) Accounting System. The Commission may require local boards to use generally accepted accounting standards and a chart of accounts prescribed by the Commission in the

~~operation of ABC stores, and to record all information necessary and useful to the Commission in auditing the operation of ABC systems and administering the ABC law.~~

~~(c) Audits. The Commission may audit the operation of any local ABC store or board, and the books of those stores and boards shall remain open to the Commission for inspection.~~

…

"**§ 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.

…."

SECTION 20. Article 3 of Chapter 18B of the General Statutes reads as rewritten:

"Article 3.

"Sale, Possession, and Consumption.

…

"**§ 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,~~ place 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. Unless a consumer tasting authorized by G.S. 18B-1114.7 is being conducted, on the premises of ~~an ABC store.~~a package store 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.

…."

SECTION 21. Article 4 of Chapter 18B of the General Statutes reads as rewritten:

"Article 4.

"Transportation.

…

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

…

(c) ~~Designated Store.~~ Purchase Location. – A mixed beverage permittee may purchase spirituous liquor from ~~an ABC store that is designated as a mixed beverage ABC store operated by any local board operating~~ a package store in the same county as the permittee.

…

~~(e) Electronic Payment. A local board shall accept electronic payments for any spirituous liquor purchased by a mixed beverages permittee. A local board may not charge a fee for accepting electronic payments under this subsection. For purposes of this subsection, the term "electronic payment" means payment by debit card or by electronic funds transfer as defined in G.S. 105-228.90, but does not include payment by charge card or credit card.~~

(f) Delivery Service. – A ~~local board shall~~ package store may offer delivery service to mixed beverage permittees. In providing delivery of purchased products to mixed beverage permittees, the ~~local board~~ package store may use its employees or contract with one or more independent contractors and may charge a fee to the permittee. ~~A local board in a Tier 1 or Tier 2 county, as defined in G.S. 143B-472.35(a2)(18), may request an exemption to this requirement from the ABC Commission. The Commission shall grant the request if the local board can show evidence of unreasonable hardship or difficulty incurred by implementing delivery service.~~"

SECTION 22. Article 5 of Chapter 18B of the General Statutes reads as rewritten:

"Article 5.

"Law Enforcement.

…

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

…

(e) Sale Procedure. – The sale of unfortified ~~wine or~~ wine, fortified ~~wine~~ 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.

…."

SECTION 23. Article 8 of Chapter 18B of the General Statutes is repealed.

SECTION 24. Article 10 of Chapter 18B of the General Statutes, as amended by Section 5 of this act, reads as rewritten:

"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:

…

(12a) Mobile Bar Services Permit. – A mobile bar services permit may be issued to a business that provides bartending services for events. The permit authorizes the permittee to bring malt beverages, unfortified wine, fortified wine, and spirituous liquor onto the premises of a business that is not an ABC permittee and to serve the alcoholic beverages to guests at the event. The permittee may purchase malt beverages and unfortified wine from either a retailer or a wholesaler. The permittee may purchase fortified wine from either an ABC store or a wholesaler. The permittee shall purchase spirituous liquor from ~~an ABC store that is designated as a mixed beverage ABC store operated by any local board~~ a package store operating in the same county where the permittee's principal office is located. The permittee may not serve alcoholic beverages pursuant to a mobile bar services permit on the premises of any location owned or possessed by the permittee. The permittee shall notify the Commission, in writing, of the location of any event where the permittee will serve alcoholic beverages not less than one week before the event and shall have the permission of the owner or possessor of the property on which the event is to be held. Any person serving alcoholic beverages at the event shall be at least 21 years of age. Alcoholic beverages may be transported by the mobile bar services permit holder to the premises of the event no earlier than 8:00 A.M. At the conclusion of the event, all alcoholic beverages must be removed from the premises no later than 12:00 noon of the following day. A limited special occasion permit shall not be required for an event at which alcoholic beverages are exclusively provided by the holder of a mobile bar services permit. The holder of a mobile bar services permit may bring alcoholic beverages onto the premises and serve the alcoholic beverages at an event regardless of whether there is a charge or fee for guests to attend the event. This permit does not allow the retail sale of individual alcoholic beverages to guests at an event.

(13) Guest Room Cabinet Permit. – A guest room cabinet permit authorizes a guest room cabinet permittee to sell to its room guests, from securely locked cabinets, malt beverages, unfortified wine, fortified wine, and spirituous liquor. A permittee shall designate and maintain at least ten percent (10%) of the permittee's guest rooms as rooms that do not have a guest room cabinet. A permittee may dispense alcoholic beverages from a guest room cabinet only in accordance with written policies and procedures filed with and approved by the Commission. A permittee shall provide a reasonable number of vending machines, coolers, or similar machines on premises for the sale of soft drinks to hotel guests.

A guest room cabinet permit may be issued to any of the following:

a. A hotel (i) holding a mixed beverages permit and (ii) located in a county subject to G.S. 18B-600(f).
b. A hotel (i) holding a mixed beverages permit and (ii) located in a county that has a population in excess of 150,000 by the last federal census.
c. A private club (i) holding a mixed beverages permit, (ii) having management contracts for the rental of living units, and (iii) located in a county defined in G.S. 18B-101(13a)b.2.
d. An 18-hole golf course (i) holding a mixed beverages permit or located in a county where ~~ABC stores have~~ the off-premises sale of spirituous liquor has heretofore been established but in which the sale of mixed beverages has not been approved, (ii) having management contracts for the rental of living units, and (iii) located in a county that has a population in excess of 20,000 people by the last federal census.

…

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

…

(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, 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, wine, and the ~~operation of an ABC store,~~ off-premises sale of spirituous liquor, and contains a facility of at least 450 acres where five or more public auto racing events are held each year.

(1a) An area that is located in a county that has not approved the issuance of mixed beverages permits; has at least two cities that have approved the sale of malt beverages, wine, and the ~~operation of an ABC store;~~ off-premises sale of spirituous liquor; and contains a facility of at least 90 acres where five or more motorsports-related events are held each year. The Commission shall issue a permit under the authority set forth in this subdivision only to a facility where five or more motorsports-related events are held, or a qualified business contracting with or located at a facility where five or more motorsports-related events are held, and the sale and consumption of alcoholic beverages shall only occur during a motorsports-related event held at the facility.

…

(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:

a. Has approved the sale of malt beverages, unfortified wine, and fortified wine, but not mixed beverages;

b. ~~Operates ABC stores;~~Has approved off-premises sale of spirituous-liquor;

c. Borders on another state; and

d. Lies north and east of the Roanoke River.

…

(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~~ off-premises sale of spirituous liquor and 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 that is designated as a mixed beverage ABC store operated by any local board~~ a package store operating in the same county as the permittee. …."

SECTION 25. Article 11 of Chapter 18B of the General Statutes reads as rewritten:

"Article 11.

"Commercial Activity.

…

"**§ 18B-1114.1. Authorization of winery special event permit.**

(a) Authorization. – The holder of an unfortified winery permit, a limited winery permit, a viticulture/enology course authorization, a wine producer permit, or a vendor representative permit may obtain a winery special event permit allowing the winery or wine producer to give free tastings of its wine; to sell branded merchandise such as glassware, cups, signs, t-shirts, hats, and other apparel; and to sell its wine by the glass or in closed containers, at shopping malls and at trade shows, conventions, wine festivals, street festivals, holiday festivals, agricultural festivals, farmers markets, balloon races, local fund-raisers, and other similar events approved by the Commission.

(b) Limitation. – A winery special event permit is valid only in a jurisdiction that has approved the ~~establishment of ABC stores~~ off-premises sale of spirituous liquor or has approved the sale of unfortified wine.

…

"**§ 18B-1114.5. Authorization of malt beverage special event permit.**

(a) Authorization. – The holder of a brewery permit, a malt beverages importer permit, a brewing, distillation, and fermentation course authorization, a nonresident malt beverage vendor permit, or a vendor representative permit may obtain a malt beverage special event permit allowing the permittee to give free tastings of its malt beverages; to sell branded merchandise such as glassware, cups, signs, t-shirts, hats, and other apparel; and to sell its malt beverages by the glass or in closed containers at shopping malls and at trade shows, conventions, malt beverage festivals, street festivals, holiday festivals, agricultural festivals, farmers markets, balloon races, local fund-raisers, and other similar events approved by the Commission. Except for a brewery

operating under the provisions of G.S. 18B-1104(a)(8), all malt beverages sampled or sold pursuant to this section must be purchased from a licensed malt beverages wholesaler.

(b) Limitation. – A malt beverage special event permit is valid only in a jurisdiction that has approved the ~~establishment of ABC stores~~ off-premises sale of spirituous liquor or has approved the sale of malt beverages. A malt beverage special event shall not be used as subterfuge for malt beverages suppliers to ship directly to retail permittees unless otherwise authorized by law.

…."

SECTION 26. Sections 16 through 25 of this act become effective July 1, 2029.

PART VII. REVISIONS TO CHAPTER 105 OF THE GENERAL STATUTES

SECTION 27.(a) Article 2C of Chapter 105 of the General Statutes reads as rewritten:

"Article 2C.

"Alcoholic Beverage License and Excise Taxes.

"Part 1. General Provisions.

"**§ 105-113.68. Definitions; scope.**

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

…

(13) Wholesaler or importer. – When used with reference to a wholesaler or an importer of ~~wine or~~ wine, malt beverages, or spirituous liquor, the term includes (i) a resident winery and a wine producer that sells its wines, or wine produced for the permittee under contract, at wholesale to a retailer or at ~~retail and~~ retail, (ii) a resident brewery that sells its malt beverages, or malt beverages produced for the permittee under contract, at wholesale to a retailer or at ~~retail.~~ retail, and (iii) a resident distillery that sells its spirituous liquor, or spirituous liquor produced for the permittee under contract, at wholesale to a package store or at retail. This subdivision applies to a person that holds any of the following permits issued by the ABC Commission:

a. Unfortified winery permit under G.S. 18B-1101.
b. Fortified winery permit under G.S. 18B-1102.
c. Brewery permit under G.S. 18B-1104.
d. Wine importer permit under G.S. 18B-1106.
e. Wine wholesaler permit under G.S. 18B-1107.
f. Malt beverages importer permit under G.S. 18B-1108.
g. Malt beverages wholesaler permit under G.S. 18B-1109.
h. Wine producer permit under G.S. 18B-1114.3.
i. Distillery permit under G.S. 18B-1105.
j. Liquor importer/bottler permit under G.S. 18B-1105.1.
k. Liquor wholesaler permit under G.S. 18B-1109.1

…

"Part 3. Local Licenses.

"**§ 105-113.77. City ~~malt beverage and wine~~ malt beverage, wine, and spirituous liquor retail licenses.**

(a) License and Tax. – Except in cities declining to require a license pursuant to G.S. 105-113.71(c), 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.

ABC Permit	Tax for Corresponding License
On-premises malt beverage	$15.00
Off-premises malt beverage	5.00

On-premises unfortified wine,
on-premises fortified wine, or both 15.00
Off-premises unfortified wine,
off-premises fortified wine, or both 10.00
Off-premises spirituous liquor 15.00

…

"**§ 105-113.78. County ~~malt beverage and wine~~ malt beverage, 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.

ABC Permit	Tax for Corresponding License
On-premises malt beverage	$25.00
Off-premises malt beverage	5.00
On-premises unfortified wine, on-premises fortified wine, or both	25.00
Off-premises unfortified wine, off-premises fortified wine, or both	25.00
Off-premises spirituous liquor	25.00

"**§ 105-113.79. City wholesaler license.**

A city may require city malt ~~beverage and wine~~ beverage, wine, and 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 or wine~~ 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 or~~ wholesaler license, a city wine wholesaler ~~license.~~license, or a city liquor wholesaler license.

"Part 4. Excise Taxes, Distribution of Tax Revenue.

"**§ 105-113.80. Excise taxes on malt beverages, wine, and liquor.**

(a) Malt Beverage. – 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 unfortified wine, and an excise tax of twenty-nine and thirty-four hundredths cents (29.34¢) per liter is levied on the sale of fortified wine.

(c) Liquor. – An excise tax of ~~thirty percent (30%)~~ sixty percent (60%) is levied on the sale of spirituous liquor and antique spirituous liquor sold in ~~ABC stores,~~ package stores, permitted distilleries, and in establishments holding an on- or off-premises unfortified wine permit in a distillery estate district pursuant to G.S. 18B-1006(r). ~~Pursuant to G.S. 18B-804(b), the~~ The price of liquor on which this tax is computed is the ~~spirituous~~ liquor wholesaler's price or antique spirituous liquor seller's ~~price plus (i) the State ABC warehouse freight and bailment charges and (ii) a markup for local ABC boards, unless otherwise specified by law.~~price.

"**§ 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, and 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.~~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 malt ~~beverage and wine~~ beverage, 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~~ beverages, wine, and spirituous liquor 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.~~ March 31. The percentages to be distributed are as follows:

(1) To the counties or cities in which the retail sale of these beverages is authorized in the entire county or city the following:

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

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

~~(3)~~c. Of the tax on fortified wine levied under G.S. 105-113.80(b), eighteen percent (18%).

(2) To the local ABC board in counties or cities in which the off-premises sale of spirituous liquor is authorized, thirty percent (30%) of the tax on spirituous liquor levied under G.S. 105-113.80(c).

(a1) Method. – If malt beverages, unfortified wine, or fortified wine 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. If more than one county or city in which the off-premises sale of spirituous liquor is authorized are served by a single local ABC board, the local ABC board shall receive the portion of the amount distributed that is attributable to each city and county within the board's jurisdiction, that portion to be determined on the basis of population.

…

(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 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 local ABC board under this section for taxes levied on spirituous liquor shall be used distributed pursuant to G.S. 18B-702.

(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) Three million dollars ($3,000,000) 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.

(3) Fifteen percent (15%) to the Department of Public Instruction.

…

"Part 5. Administration.

"**§ 105-113.83. Payment and reporting of excise taxes.**

(a) Filing Periods. – The excise tax imposed by this Article is payable when a report is due. A report is due annually or monthly, as specified in this section, and must be filed regardless of whether alcoholic beverages were sold or otherwise disposed of in this State. A report covers liabilities that accrue in the reporting period. Liabilities accrue in the reporting period in which the alcoholic beverage is first sold or otherwise disposed of in this State. A return must be in the form prescribed by, and contain information required by, the Secretary.

(a1) Liquor. – The excise tax on liquor levied under G.S. 105-113.80(c) is payable monthly ~~by the local ABC board~~ by a resident wholesaler or importer who first handles the liquor in this State and by a ~~distillery.~~ distillery if the liquor is sold to the consumer at the distillery. The ~~local ABC board~~ wholesaler or importer and distillery must file a monthly report, and the report is due on or before the fifteenth day of the month following the month covered by the report.

…."

SECTION 27.(b) For the taxable year beginning July 1, 2028, and ending June 30, 2029, the amendments to Article 2C of Chapter 105 of the General Statutes provided in this section apply only to spirituous liquor distributed by wholesalers and importers and sold in package stores. Spirituous liquor sold in ABC stores shall continue to be taxed pursuant to Article 2C of Chapter 105 of the General Statutes as it reads on June 30, 2028. For the taxable year beginning July 1, 2029, the provisions of this section apply to all spirituous liquor.

SECTION 27.(c) Except as provided in subsection (b) of this section, this section is effective for taxes imposed for taxable years beginning on or after July 1, 2028.

PART VIII. OTHER CONFORMING REVISIONS

SECTION 28.(a) 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.
(3a) A liquor wholesaler, as defined in 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 28.(b) 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.
(3a) A liquor wholesaler, as defined in 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 28.(c) Subsection (a) of this section becomes effective July 1, 2028, and expires June 30, 2029. Subsection (b) of this section becomes effective July 1, 2029.

SECTION 29.(a) G.S. 150B-1(d) reads as rewritten:

"(d) Exemptions from Rulemaking. – Article 2A of this Chapter does not apply to the following:

…
(32) The Alcoholic Beverage Control Commission with respect to approval of alcoholic beverages to be sold in local ABC stores through the State ~~warehouse and~~ warehouse, by special order pursuant to Article 8 of Chapter 18B of the General ~~Statutes.~~Statutes, and in package stores.
…."

SECTION 29.(b) G.S. 150B-1(d) reads as rewritten:

"(d) Exemptions from Rulemaking. – Article 2A of this Chapter does not apply to the following:

…
(32) The Alcoholic Beverage Control Commission with respect to approval of alcoholic beverages to be sold in ~~local ABC stores through the State warehouse and by special order pursuant to Article 8 of Chapter 18B of the General Statutes.~~package stores.
…."

SECTION 29.(c) Subsection (a) of this section becomes effective July 1, 2028, and expires June 30, 2029. Subsection (b) of this section becomes effective July 1, 2029.

PART IX. EFFECTIVE DATE

SECTION 30. Except as otherwise provided, this act becomes effective July 1, 2027.