

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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SENATE BILL 57\*

Judiciary I/Constitution Committee Substitute Adopted 5/3/95

Short Title: ABC LRC & Other Changes.

(Public)

Sponsors:

Referred to:

January 26, 1995

A BILL TO BE ENTITLED

AN ACT TO IMPLEMENT THE RECOMMENDATIONS OF THE LEGISLATIVE RESEARCH COMMISSION'S COMMITTEE ON ALCOHOLIC BEVERAGE CONTROL AND TO MAKE OTHER CHANGES IN THE ABC LAWS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 18B-101 reads as rewritten:

"§ 18B-101. Definitions.

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

- (1) 'ABC law' or 'ABC laws' means any statute or statutes in this Chapter or in Article 2C of Chapter 105, and the rules issued by the Commission under the authority of this Chapter.
- (2) 'ABC permit' or 'permits' means any written or printed authorization issued by the Commission pursuant to the provisions of this Chapter, other than a purchase-transportation permit. Unless the context clearly requires otherwise, as in the provisions concerning applications for permits, 'ABC permit' or 'permit' means a presently valid permit.
- (3) 'ABC system' means a local board and all ABC stores operated by it, its law-enforcement branch, and all its employees.

- 1 (4) 'Alcoholic beverage' means any beverage containing at least one-half  
2 of one percent (0.5%) alcohol by volume, including malt beverages,  
3 unfortified wine, fortified wine, spirituous liquor, and mixed  
4 beverages.
- 5 (5) 'ALE Division' means the Alcohol Law Enforcement Division of the  
6 Department of Crime Control and Public Safety.
- 7 (5a) 'Bailment surcharge' means the charge imposed on each case of  
8 liquor shipped from a Commission warehouse as provided in G.S.  
9 18B-208. This bailment surcharge is in addition to the bailment  
10 charge imposed by G.S. 18B-804(b)(2).
- 11 (6) 'Commission' means the North Carolina Alcoholic Beverage Control  
12 Commission established under G.S. 18B-200.
- 13 (7) 'Fortified wine' means any wine made by fermentation from grapes,  
14 fruits, berries, rice, or honey, to which nothing has been added other  
15 than pure brandy made from the same type of grape, fruit, berry,  
16 rice, or honey that is contained in the base wine, and which has an  
17 alcoholic content of not more than twenty-four percent (24%)  
18 alcohol by volume.
- 19 (8) 'Local board' means a city or county ABC board, or local board  
20 created pursuant to the provisions of G.S. 18B-703. A local board is  
21 an independent local political subdivision of the State. Nothing in  
22 this Chapter shall be construed as constituting a local board the  
23 agency of a city or county or of the Commission.
- 24 (9) 'Malt beverage' means beer, lager, malt liquor, ale, porter, and any  
25 other brewed or fermented beverage containing at least one-half of  
26 one percent (0.5%), and not more than six percent (6%), alcohol by  
27 volume.
- 28 (10) 'Mixed beverage' means either of the following:  
29 a. A drink composed in whole or in part of spirituous liquor and  
30 served in a quantity less than the quantity contained in a closed  
31 package.  
32 b. A premixed cocktail served from a closed package containing  
33 only one serving.
- 34 (11) 'Nontaxpaid alcoholic beverage' means any alcoholic beverage upon  
35 which the taxes imposed by the United States, this State, or any  
36 other territorial jurisdiction in which the alcoholic beverage was  
37 purchased have not been paid.
- 38 (12) 'Person' means an individual, firm, partnership, association,  
39 corporation, limited liability company, other organization or group,  
40 or other combination of individuals acting as a unit.
- 41 (13) 'Sale' means any transfer, trade, exchange, or barter, in any manner  
42 or by any means, for consideration.

1 (13a) 'Special ABC area' means an area that meets all of the following  
2 requirements:

3 Either:

4 a. 1. Has fewer than 500 permanent residents.  
5 residents;

6 ~~b.~~ 2. Is located in a county that borders another state,  
7 that has at least one city that has approved the operation  
8 of an ABC store, and in which the sale of unfortified  
9 wine and malt beverages is permitted countywide or in  
10 at least two cities. ~~cities; and~~

11 ~~e.~~ 3. Contains more than 500 contiguous acres made  
12 up of privately-owned land and land owned by an  
13 association or a club that is exempt from income tax on  
14 its membership income under Article 4 of Chapter 105  
15 of the General Statutes, has more than 200 members,  
16 was created for municipal and recreational purposes,  
17 and, for three or more years, has levied assessments or  
18 dues and provided municipal services. ~~services; or~~

19 b. 1. Has more than 500 permanent residents;

20 2. Is located in a county:

21 A. Where ABC stores have heretofore been  
22 established but in which the sale of mixed  
23 beverages has not been approved;

24 B. That borders on a county that has approved the sale  
25 of alcoholic beverages countywide and contains an  
26 international airport; and

27 C. Borders on a county where ABC stores have  
28 heretofore been established by petition pursuant to  
29 law; and

30 3. Contains more than 500 contiguous acres made up of  
31 privately owned land and land owned by an association or  
32 a club that is exempt from income tax on its membership  
33 income under Article 4 of Chapter 105 of the General  
34 Statutes, has more than 200 members, was created for  
35 municipal and recreational purposes, and, for three or  
36 more years, has levied assessments or dues and provided  
37 municipal services.

38 (14) 'Spirituous liquor' or 'liquor' means distilled spirits or ethyl alcohol,  
39 including spirits of wine, whiskey, rum, brandy, gin and all other  
40 distilled spirits and mixtures of cordials, liqueur, and premixed  
41 cocktails, in closed containers for beverage use regardless of their  
42 dilution.

1 (14a) 'Tourism ABC establishment' means a restaurant or hotel that meets  
2 both of the following requirements:

- 3 a. Is located within 1.5 miles of the end of an entrance or exit ramp  
4 of a junction on a national scenic parkway designed to attract  
5 local, State, national, and international tourists between Milepost  
6 305 and 460.  
7 b. Is located in a county in which the on-premises sale of malt  
8 beverages or unfortified wine is authorized in at least one city.

9 (15) 'Unfortified wine' means wine that has an alcoholic content produced  
10 only by natural fermentation or by the addition of pure cane, beet, or  
11 dextrose sugar, ~~and that has an alcoholic content of not more than~~  
12 ~~seventeen percent (17%) alcohol by volume.~~ sugar."

13 Sec. 2. G.S. 18B-500(a) reads as rewritten:

14 "(a) Appointment. – The Secretary of Crime Control and Public Safety shall  
15 appoint alcohol law-enforcement agents and other enforcement personnel. The Secretary  
16 of Crime Control and Public Safety may also appoint regular employees of the  
17 Commission as alcohol law-enforcement agents. Alcohol law-enforcement agents shall  
18 be designated as 'alcohol law-enforcement agents.'"

19 Sec. 3. G.S. 18B-501(a) reads as rewritten:

20 "(a) Appointment. – Except as provided in subsection (f), each local board shall  
21 hire one or more ABC enforcement officers. Local ABC enforcement officers shall be  
22 designated as 'ABC Officers.' The local board may designate one officer as the chief  
23 ABC officer for that board."

24 Sec. 4. G.S. 18B-501(f) reads as rewritten:

25 "(f) Contracts with Other Agencies. – Instead of hiring local ABC officers, a local  
26 board may contract to pay its enforcement funds to a sheriff's department, city police  
27 department, or other local law-enforcement agency for enforcement of the ABC laws  
28 within the law-enforcement agency's territorial jurisdiction. Enforcement agreements  
29 may be made with more than one agency at the same time. When such a contract for  
30 enforcement exists, the officers of the contracting law-enforcement agency shall have the  
31 same authority to inspect under G.S. 18B-502 that an ABC officer employed by that local  
32 board would have. If a city located in two or more counties approves the sale of some  
33 type of alcoholic beverage pursuant to the provisions of G.S. 18B-600(e4), and there are  
34 no local ABC boards established in the city and one of the counties in which the city is  
35 located, the local ABC board of any county in which the city is located may enter into an  
36 enforcement agreement with the city's police department for enforcement of the ABC  
37 laws within the entire city, including that portion of the city located in the county of the  
38 ABC board entering into the enforcement agreement."

39 Sec. 5. G.S. 18B-603(d) reads as rewritten:

40 "(d) Mixed Beverage Elections. – If a mixed beverage election is held under G.S.  
41 18B-602(h) and the sale of mixed beverages is approved, the Commission may issue  
42 permits to qualified persons and establishments in the jurisdiction that held the election as  
43 follows:

- 1 (1) The Commission may issue mixed beverage permits.
- 2 (2) The Commission may issue on-premises malt beverage, unfortified  
3 wine, and fortified wine permits for establishments with mixed  
4 beverage permits, regardless of any other election or any local act  
5 concerning sales of those kinds of alcoholic beverages.
- 6 (3) The Commission may issue off-premises malt beverage permits to  
7 any establishment that meets the requirements under G.S. 18B-  
8 1001(2) in any township which has voted to permit the sale of mixed  
9 beverages, regardless of any other local act concerning sales of those  
10 kinds of alcoholic beverages. The Commission may also issue off-  
11 premises unfortified wine permits to any establishment that meets  
12 the requirements under G.S. 18B-1001(4) in any township which has  
13 voted to permit the sale of mixed beverages, regardless of any other  
14 local act concerning sales of those kinds of alcoholic beverages.
- 15 (4) The Commission may issue brown-bagging permits for private clubs  
16 and congressionally chartered veterans organizations but may no  
17 longer issue and may not renew brown-bagging permits for  
18 restaurants, hotels, and community theatres. A restaurant, hotel, or  
19 community theatre may not be issued a mixed beverage permit under  
20 subdivision (1) until it surrenders its brown-bagging permit.
- 21 (5) The Commission may continue to issue culinary permits for  
22 establishments that do not have mixed beverage permits. An  
23 establishment may not be issued a mixed beverage permit under  
24 subdivision (1) until it surrenders its culinary permit.

25 In any county in which the sale of mixed beverages has been approved in elections in  
26 at least three cities that, combined, contain more than two-thirds the total county  
27 population as of the most recent federal census, the county board of commissioners may  
28 by resolution approve the sale of mixed beverages throughout the county, and the  
29 Commission may issue permits as if mixed beverages had been approved in a county  
30 election.

31 If a county or city holds a mixed beverage election and an ABC store election at the  
32 same time and the voters do not approve the establishment of an ABC store, the  
33 Commission may not issue mixed beverages permits in that county or city."

34 Sec. 6. G.S. 18B-900(c) reads as rewritten:

35 "(c) Who Must Qualify; Exceptions. – For an ABC permit to be issued to and held  
36 for a business, each of the following persons associated with that business must qualify  
37 under subsection (a):

- 38 (1) The owner of a sole proprietorship;
- 39 (2) Each member of a firm, association or general partnership;
- 40 (2a) Each general partner in a limited partnership;
- 41 (2b) Each manager and any member with a twenty-five percent (25%) or  
42 greater interest in a limited liability company;

- 1           (3) Each officer, director and owner of twenty-five percent (25%) or  
2           more of the stock of a corporation except that the requirement of  
3           subdivision (a)(1) does not apply to such an officer, director, or  
4           stockholder unless he is a manager or is otherwise responsible for  
5           the day-to-day operation of the business;
- 6           (4) The manager of an establishment operated by a corporation other  
7           than an establishment with only off-premises malt beverage, off-  
8           premises unfortified wine, or off-premises fortified wine permits;
- 9           (5) Any manager who has been empowered as attorney-in-fact for a  
10          nonresident individual or partnership."

11          Sec. 7. G.S. 18B-902(e) reads as rewritten:

12          "(e) Fee for Combined Applications. – If application is made at the same time for  
13          retail malt beverage, unfortified wine and fortified wine permits for a single business  
14          location, the total fee for those applications shall be two hundred dollars (\$200.00). If  
15          application is made at the same time for brown-bagging and special occasion permits for  
16          a single business location, the total fee for those applications shall be three hundred  
17          dollars (\$300.00). If application is made at the same time for wine and malt beverage  
18          importer permits, the total fee for those applications shall be one hundred fifty dollars  
19          (\$150.00). If application is made at the same time for wine and malt beverage wholesaler  
20          permits, the total fee for those applications shall be one hundred fifty dollars (\$150.00).  
21          ~~If application is made in the same year for vendor representative permits to represent more than~~  
22          ~~one vendor, only one fee shall be paid.~~—If application is made at the same time for  
23          nonresident malt beverage vendor and nonresident wine vendor permits, the total fee for  
24          those applications shall be fifty dollars (\$50.00)."

25          Sec. 8. G.S. 18B-1006(k) reads as rewritten:

26          "(k) Residential Private Club and Sports Club Permits. – The Commission may  
27          issue the permits listed in G.S. 18B-1001, without approval at an election, to a residential  
28          private club or a sports club that is located in a county that meets the requirements set in  
29          any of the following subdivisions:

- 30           (1) Has a population of less than 45,000 by the last federal census, has at  
31           least three but not more than four cities that have approved the sale  
32           of malt beverages or unfortified wine, has only one city that has  
33           approved the on-premises sale of malt beverages, and has at least  
34           two cities that approved the operation of ABC stores before July 10,  
35           1992.
- 36           (2) Borders a county that has called elections pursuant to G.S. 18B-  
37           600(f), and:
- 38           a. Has not approved the issuance of permits, other than malt  
39           beverage permits, in unincorporated areas of the county, and has  
40           no more than three cities that approved the operation of ABC  
41           stores before July 10, 1992; or
- 42           b. Both the county and the two cities within the county have  
43           approved the operation of ABC stores.

- 1 (3) Is bordered by four counties that have not approved the issuance of  
2 permits and have at least one city that has approved the operation of  
3 an ABC store.
- 4 (4) Has not approved the issuance of permits, has at least three cities  
5 that have approved the issuance of only either off-premises malt  
6 beverage or both off-premises malt beverage and off-premises  
7 unfortified wine permits, and has only one city that, as of July 1,  
8 1993, had approved the operation of an ABC store.
- 9 (5) Borders another state, has not approved the issuance of permits, and  
10 has only one city that, as of July 1, 1995, had approved the operation  
11 of an ABC store and the issuance of permits, none of which was an  
12 on-premises malt beverage permit or a mixed beverages permit.
- 13 (6) Borders another state and at least four counties, one of which meets  
14 the requirements of subdivision (5) of this subsection, and has not  
15 approved the issuance of permits.
- 16 (7) Borders a state and two counties that have not approved the issuance  
17 of permits and that, as of July 1, 1995, had no cities that had  
18 approved the issuance of permits or the operation of an ABC store.
- 19 (8) Borders a county that has approved the issuance of all permits and  
20 the operation of an ABC store, meets the county description of a  
21 special ABC area in G.S. 18B-101(13a)b., and, as of July 1, 1995,  
22 had at least three cities that had authorized the issuance of permits.
- 23 (9) Borders a county that has approved the issuance of all permits and  
24 the operation of an ABC store, has not approved the issuance of any  
25 permits, and, as of July 1, 1995, had only one city that had approved  
26 the issuance of permits.
- 27 (10) Borders two states and, as of July 1, 1995, had only one city that had  
28 approved the issuance of permits.

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

31 Sec. 9. G.S. 18B-1001(10) reads as rewritten:

32 "(10) Mixed Beverages Permit. – A mixed beverages permit  
33 authorizes the retail sale of mixed beverages for consumption on the  
34 premises. The permit also authorizes a mixed beverages permittee to  
35 obtain a purchase-transportation permit under G.S. 18B-403 and  
36 18B-404, and to use for culinary purposes spirituous liquor lawfully  
37 purchased for use in mixed beverages. The permit may be issued for  
38 any of the following:

- 39 a. Restaurants;  
40 b. Hotels;  
41 c. Private clubs;  
42 d. Convention centers;  
43 e. Community theatres;

1 f. Nonprofit ~~and political organizations.~~ organizations; and

2 g. Political organizations."

3 Sec. 10. G.S. 18B-1007(b) reads as rewritten:

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

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

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

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

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

16 Sec. 11. G.S. 18B-1301 reads as rewritten:

17 "**§ 18B-1301. Definitions.**

18 (1) 'Supplier' means a brewer, ~~fermenter, processor, bottler, packager~~ or  
19 importer of malt beverages, including anyone who holds a brewery,  
20 malt beverages importer or nonresident malt beverages vendor  
21 permit.

22 (2) 'Wholesaler' means the holder of a malt beverages wholesaler  
23 permit."

24 Sec. 12. G.S. 18B-1303(a) reads as rewritten:

25 "(a) Filing. – It is unlawful for a supplier to provide malt beverages to a wholesaler  
26 unless ~~a distribution agreement has been filed with the Commission~~ has received notification  
27 from the supplier describing designating the brands of the supplier which the wholesaler is  
28 authorized to sell and the territory in which such sales may take place. If the supplier  
29 sells several brands, the agreement need not apply to all brands. No supplier may provide  
30 by a distribution agreement for the distribution of a brand to more than one wholesaler  
31 for the same territory. A wholesaler shall not distribute any brand of malt beverage to a  
32 retailer whose premises are located outside the territory specified in the wholesaler's  
33 distribution agreement for that brand. A wholesaler may, however, with the approval of  
34 the Commission distribute malt beverages outside his designated territory during periods  
35 of temporary service interruption when requested to do so by the supplier and the  
36 wholesaler whose service is interrupted."

37 Sec. 13. G.S. 105-113.68(a)(12) reads as rewritten:

38 "(12) 'Unfortified wine' means wine that has an alcoholic content produced  
39 only by natural fermentation or by the addition of pure cane, beet, or  
40 dextrose ~~sugar, and that has an alcoholic content of not more than~~  
41 ~~seventeen percent (17%) alcohol by volume.~~ sugar."

42 Sec. 14. This act becomes effective October 1, 1995.