

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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HOUSE DRH80378-MCx-200 (04/14)

Short Title: Increase Alcohol Taxes.

(Public)

Sponsors: Representative Insko.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO INCREASE THE EXCISE TAXES LEVIED ON BEER, WINE, AND LIQUOR
3 AND TO CREATE THE RISK BEHAVIOR FUND.

4 The General Assembly of North Carolina enacts:

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

6 "§ 105-113.80. Excise taxes on beer, wine, and liquor.

7 (a) Beer. – An excise tax of ~~fifty-three and one hundred seventy-seven one-thousandths~~
8 ~~cents (53.177¢)~~fifty-seven and four hundred thirty-two one-thousandths cents (57.432¢) per
9 gallon is levied on the sale of malt beverages.

10 (b) Wine. – An excise tax of ~~twenty-one cents (21¢)~~twenty-two and sixty-eight
11 hundredths cents (22.68¢) per liter is levied on the sale of unfortified wine, and an excise tax of
12 ~~twenty-four cents (24¢)~~twenty-five and ninety-two hundredths cents (25.92¢) per liter is levied
13 on the sale of fortified wine.

14 (c) Liquor. – An excise tax of ~~twenty-five percent (25%)~~twenty-seven percent (27%) is
15 levied on liquor sold in ABC stores. Pursuant to G.S. 18B-804(b), the price of liquor on which
16 this tax is computed is the distiller's price plus (i) the State ABC warehouse freight and
17 bailment charges, and (ii) a markup for local ABC boards."

18 SECTION 2. G.S. 105-113.82 reads as rewritten:

19 "§ 105-113.82. Distribution of part of ~~beer and wine~~beer, wine, and liquor taxes.

20 (a) ~~Amount, Method.~~Local Distribution. – The Secretary shall distribute annually
21 the following percentages of the net amount of excise taxes collected on the sale of malt
22 beverages and wine during the preceding 12-month period ending March 31 to the counties or
23 cities in which the retail sale of these beverages is authorized in the entire county or city:

24 (1) Of the tax on malt beverages levied under G.S. 105-113.80(a), twenty-three
25 and three-fourths percent (23¾%);

26 (2) Of the tax on unfortified wine levied under G.S. 105-113.80(b), sixty-two
27 percent (62%); and

28 (3) Of the tax on fortified wine levied under G.S. 105-113.80(b), twenty-two
29 percent (22%).

30 For purposes of this ~~subsection~~subsection and subsection (a1) of this section, "net amount"
31 means gross collections less refunds and amounts credited to the Department of Commerce
32 under G.S. 105-113.81A. If malt beverages, unfortified wine, or fortified wine may be licensed
33 to be sold at retail in both a county and a city located in the county, both the county and city
34 shall receive a portion of the amount distributed, that portion to be determined on the basis of
35 population. If one of these beverages may be licensed to be sold at retail in a city located in a



1 county in which the sale of the beverage is otherwise prohibited, only the city shall receive a
2 portion of the amount distributed, that portion to be determined on the basis of population. The
3 amounts distributed under subdivisions (1), (2), and (3) shall be computed separately.

4 (a1) Risk Behavior Distribution. – The Secretary shall transfer annually eight percent
5 (8%) of the net amount of excise taxes collected on the sale of malt beverages and wine during
6 the preceding 12-month period ending March 31 to the Risk Behavior Fund established
7 pursuant to G.S. 143C-9-2A. The Secretary shall transfer annually two percent (2%) of the net
8 amount of excise taxes collected on the sale of liquor during the preceding 12-month period
9 ending March 31 to the Risk Behavior Fund established pursuant to G.S. 143C-9-2A.

10 (b) Repealed by Session Laws 2000, c. 173, s. 3, effective August 2, 2000.

11 (c) Exception. – Notwithstanding subsection (a), in a county in which ABC stores have
12 been established by petition, the revenue distributed pursuant to subsection (a) of this section
13 shall be distributed as though the entire county had approved the retail sale of a beverage whose
14 retail sale is authorized in part of the county.

15 (d) Time. – The revenue shall be distributed to cities and counties within 60 days after
16 March 31 of each year. The General Assembly finds that the revenue distributed under
17 subsection (a) of this section is local revenue, not a State expenditure, for the purpose of
18 Section 5(3) of Article III of the North Carolina Constitution. Therefore, the Governor may not
19 reduce or withhold the distribution.

20 (e) Population Estimates. – To determine the population of a city or county for purposes
21 of the distribution required by subsection (a) of this section, the Secretary shall use the most
22 recent annual estimate of population certified by the State Budget Officer.

23 (f) City Defined. – As used in this section, the term "city" means a city as defined in
24 G.S. 153A-1(1) or an urban service district defined by the governing body of a consolidated
25 city-county.

26 (g) Use of Funds. – Funds distributed to a county or city under subsection (a) of this
27 section may be used for any public purpose.

28 (h) Disqualification. – No municipality may receive any funds under subsection (a) of
29 this section if it was incorporated with an effective date of on or after January 1, 2000, and is
30 disqualified from receiving funds under G.S. 136-41.2. No municipality may receive any funds
31 under subsection (a) of this section, incorporated with an effective date on or after January 1,
32 2000, unless a majority of the mileage of its streets is open to the public. The previous sentence
33 becomes effective with respect to distribution of funds on or after July 1, 1999."

34 **SECTION 3.** Article 9 of Chapter 143C of the General Statutes is amended by
35 adding a new section to read:

36 "**§ 143C-9-2A. Risk Behavior Fund.**

37 (a) The Risk Behavior Fund is established as an interest-bearing, nonreverting special
38 trust fund in the Office of State Budget and Management. Moneys in the Fund shall be
39 expended only in accordance with subsection (b) of this section and in accordance with
40 limitations and directions enacted by the General Assembly. The State Treasurer shall hold the
41 Fund separate and apart from all other moneys, funds, and accounts. The State Treasurer shall
42 be the custodian of the Fund and shall invest its assets in accordance with G.S. 147-69.2 and
43 G.S. 147-69.3. Investment earnings credited to the assets of the Fund shall become part of the
44 Fund. Any balance remaining in the Fund at the end of any fiscal year shall be carried forward
45 in the Fund for the next succeeding fiscal year.

46 (b) Moneys in the Risk Behavior Fund shall be used exclusively for the following
47 purposes:

- 48 (1) To support programs designed to prevent underage drinking and offered by
49 The Coalition Initiative and other nonprofit organizations.

1 (2) For the development and implementation of a media campaign by the
2 Department of Health and Human Services designed to prevent underage
3 drinking.

4 (c) Beginning July 1, 2010, the Secretary of Health and Human Services shall report
5 annually to the House Appropriations Subcommittee on Health and Human Services, the
6 Senate Appropriations Committee on Health and Human Services, and the Fiscal Research
7 Division on the expenditures made during the preceding fiscal year from the Fund. The report
8 shall identify each expenditure by recipient and purpose and shall indicate the authority under
9 subsection (b) of this section for the expenditure. In addition, the report shall include statistics
10 on the prevalence and frequency of underage drinking in North Carolina. The source of the
11 statistics may be the Youth Risk Behavior Study developed by the Division of Adolescent and
12 School Health, National Center for Chronic Disease Prevention and Health Promotion, Centers
13 for Disease Control and Prevention, or an equivalent study. The report shall also indicate the
14 extent to which programs and media campaigns funded under this section have reduced
15 underage drinking in North Carolina."

16 **SECTION 4.** The Department of Health and Human Services shall develop and
17 implement a media campaign designed to prevent underage drinking. The Department may use
18 funds from the Risk Behavior Fund established under G.S. 143C-9-2A, as enacted by this act,
19 to support the development and ongoing implementation of the media campaign.

20 **SECTION 5.** This act becomes effective July 1, 2009.