

### Summary of HB 971 (Modern Licensure Model for Alcohol Control)

Privatizes both retail liquor sales and wholesale distributions, effective January 1, 2020, eliminating local ABC boards and stores and allowing 1500 “base” liquor permits/outlets and more permits based on population increases and also on local liquor store elections, to be issued to grocery stores, convenience stores, variety stores, drugstores and to any retail “business” for the retail sale of liquor between the hours of 7 a.m. and 2 a.m. A distillery permittee would be allowed to sell liquor it manufactures at up to three locations, providing for about 156 additional outlets.

1,500 retail liquor locations would place North Carolina 3<sup>rd</sup> highest of the 12 Southeast states in the number of outlets after Louisiana (5,356) and Florida (2,135)(Florida’s population is 16.7 million). There are about 423 ABC stores operated by local ABC Boards.

Based on 1,000 outlets in a “licensure” model, NC’s Program Evaluation Division (PED) recently estimated that liquor consumption would increase by 20%; PED also estimated that retail prices would increase by 15.7% under licensure.

Requires ABC Commission each year beginning January 1, 2021 to make available in a county or municipality one off-premises liquor permit for each additional 7,500 person increase over the 2010 population of that county or municipality.

By example, Wake and Mecklenburg Counties would respectively have at least 25 and 23 more outlets, based on population increases, in addition to their allocation of the “base” 1,500 permits; these counties each now have about 24 ABC stores. For all counties, and based on population increases, there could be about 100 additional outlets made available in 2021.

A retail liquor outlet would be able to ship liquor to individual purchasers both inside and outside of the state. Cities and counties could allow the sale of liquor on Sundays beginning at 10 am. Provides that any county or municipality that has authorized the establishment and operation of an ABC store as January 1, 2020 is deemed to have authorized the off-premises sale liquor.

Changes State excise tax on liquor from 30% (based on price) to a flat \$28.00 per gallon. Distributes 25% of the amount of the State excise tax collected to cities and counties in which the retail sale of liquor is authorized and requires those funds to be used by local government as follows: 4% for treatment of alcoholism/substance abuse, 15% for research/education on alcohol/substance abuse and 11% for local alcohol law enforcement costs.

By January 1, 2020, requires local ABC boards to liquidate all assets by public sale, with all proceeds going to local school capital expenses. The bill makes no provision for the payment of debts and liabilities of a local ABC board.

No fiscal note is publicly available. The bill’s impacts on revenue and prices of the product are unknown. NC’s PED recently estimated that under “licensure” privatization State excise would have to be increased from 30% to 33.6% and a new 12% local excise tax imposed for government revenues to remain the same.

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