



North Carolina General Assembly House of Representatives

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McGrady Champions Bill to Modernize ABC System in North Carolina *HB971 aims to fix NC's antiquated and inefficient system of selling distilled spirits*

Raleigh, N.C. (April 25, 2019) – Representative Chuck McGrady (R-117, Henderson County) continued his efforts to modernize North Carolina's Alcoholic Beverage Control (ABC) system with today's filing of **House Bill 971** [Modern Licensure Model for Alcohol Control.] Believing that North Carolina's 80 year-old system for the distribution and sale of distilled spirits is outdated and inefficient, HB971 reforms the longstanding government management of the wholesale and retail sale of distilled spirits. The bill's other primary sponsors are Rep. Jon Hardister (R-59), Rep. Jason Saine (R-97) and Rep. Pricey Harrison (D-61).

The current ABC laws have been on the books since the repeal of Prohibition in 1937, and very little has changed in the past 80 years with respect to how they operate. Rep. McGrady and his co-sponsors believe that these outdated laws not only fail to meet the demands of today's consumers, but they constrain opportunities for economic growth and create undue hardships for small business owners who sell liquor to North Carolina's consumers.

"North Carolina would benefit much more from a 'licensure system' modeled on the way we currently sell beer and wine," said McGrady, who co-chairs the ABC Committee in the state House. "This licensure model has been very successful in ensuring public safety and preserving local revenue streams — all while streamlining operations and enabling private sector investment. And a **recent report** by the nonpartisan Program Evaluation Division reveals that many ABC boards are not only inefficient, but fail to produce the revenues one would expect from a monopoly — which is exactly what they are."

In the United States, each state has the authority to regulate the production, sale, and distribution of alcohol within its borders; laws and regulations vary widely from state to state and from jurisdiction to jurisdiction. Only seventeen states have adopted forms of the 'control model' for the wholesale distribution of liquor — of those, just thirteen control retail distribution. North Carolina is the *only* state in the nation where local government boards have total control over retail liquor sales to consumers and businesses.

And whereas most states only have one liquor control authority, North Carolina has *170 different ABC boards*. Varying in size from two to six members, they are appointed by local city councils and county boards — a patronage system fertile for corruption. Another **scathing report** last year by State Auditor Beth Wood (D) revealed that state-run liquor stores were rife with problems, having wasted millions of taxpayer dollars through years of mismanagement.

"Inevitably, there will be scandals and shenanigans directly resulting from having state and local liquor monopolies," concluded Rep. McGrady. "It's time for North Carolina to turn the page on this antiquated system — I believe that our citizens and our businesses are ready to be treated like we live in the 21st century."

HB971 is the latest effort by Rep. McGrady to modernize the ABC laws. This proposed law builds on the successful passage of several of his "beer bills" that have made it easier for small businesses to produce, distribute, and sell beer in North Carolina — facilitating our state's craft beer renaissance and its accompanying economic contributions.

For North Carolina residents to learn more information and easily contact legislators in support of HB971, visit www.FreetheSpiritsNC.com or text FIXABC to 52886 to receive updates about the bill and other ways to become involved.

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