

State of North Carolina

ALCOHOLIC BEVERAGE CONTROL COMMISSION

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DISTILLED SPIRITS / ALCOHOLIC BEVERAGES

BASIC GUIDELINES

NC ABC COMMISSION HAS THE AUTHORITY TO:

Set Standards

1. **Set Prices**
2. **Contract for State ABC Warehousing**
3. **Provide For the Receipt, Storage And Distribution Of Spirituous Liquor**
4. **Collect Bailment Charges and Bailment Surcharges from Local Boards**

NC ABC Commission policy requires a distiller / company be represented by a resident North Carolina Broker or Distiller Representative currently doing business in our State. Your appointed broker (and you if you choose) will be responsible for making the presentation of the product(s) to the Commission. After all presentations have been made, the Commission members arrange a subsequent meeting to decide which items would sell in our State profitably. If your item is listed in the Price List Book, your broker will be notified and he will notify you. The ABC warehouse will send you a Procedure Manual.

North Carolina operates on the Bailment System.

1. Since the State of North Carolina **does not purchase or own the liquor** in the ABC warehouse, the **Federal Alcohol and Tobacco Tax and Trade Bureau (ATTB)** requires that a **Federal Basic permit be issued to your company using the ABC warehouse address of 404 East Tryon Road, Raleigh, NC 27610, and be on file at the ABC warehouse.** The *Federal Basic Permit* is issued by the U.S. Department of The Treasury, TTB, Eastern Regional Office, Cincinnati, Ohio (Technical Services --- 513 - 684 - 3337). The issuance of this Basic Permit authorizes the storage of alcoholic beverages in the N.C. ABC warehouse for delivery to the local ABC boards.
2. An [Application for Certificate of Authority \(item B-09\)](#) form is required for an out-of-state **Corporation** OR an [Application for Certificate of Authority \(item L-09\)](#) form for an out-of-state **Limited Liability Company (LLC)** to transact business in North

Carolina, an approved copy of which must be provided to the Commission upon receipt. (The company NAME on the form MUST match, as it is on the original Certificate of existence, periods included.)

3. Send to the ABC Commission a completed [Application for Distiller Permit](#). This form must be filed with the ABC Commission and a permit number issued before shipments can begin.
4. The North Carolina Broker chosen to represent your item travels throughout the State to call on the local ABC Boards. The Broker promotes your new item, hoping to also list the item with the local ABC boards to sell in the approximately 400 stores. Each board orders its liquor three (3) days in advance from the ABC warehouse. (The warehouse receives the merchandise in bulk from the companies and delivers the ordered merchandise to the ABC boards.) When the ABC board receives the spirituous liquor, they have 30 days to remit, in full, payment to the distiller. Distiller/Companies have an option of allowing the ABC Warehouse contractor to do their billing (for a fee). Your North Carolina Broker is responsible for maintaining the stock inventory at the ABC warehouse, whether by computer data link or manually.
5. Either your broker or Distiller/Company is responsible for ordering your liquor inventory.
6. If the item is delisted (discontinued) from the State Price List for any reason, you are responsible for removing any remaining merchandise from the ABC warehouse according to their instructions/time frame.

APPEAL PROCESS:

Any Distiller/Company who wishes to appeal a listing or a delisting decision made by the Chairman and the Administrator can do so before the entire ABC Commission at the regular scheduled monthly meetings. An appointment is necessary.

This appeal process has been in existence since 1971.

NC ABC AUTHORITY:

North Carolina is a Control State, and controls the listing, pricing, distribution, sales and delisting of alcoholic beverages.

We require suppliers, as a condition of selling in the State, to pledge that the case price at which the product is sold is true, correct and that the F.O.B. will be continuously maintained throughout the quotation period. It is further warranted that the freight cost shown hereon does not exceed cost of delivery to North Carolina.

The Alcoholic Beverage Control Commission has the authority to:

Determine what brands of alcoholic beverages may be sold in this state.

G.S. 18B-203(a)(5).

No ABC store may sell any alcoholic beverage which has not been approved by the Commission for sale in this state. G.S. 18B-800(c).

SET STANDARDS AND PROVIDE FOR THE TESTING OF ALCOHOLIC BEVERAGES.

G.S. 18B-203(a)(13) and G.S. 18B-206.

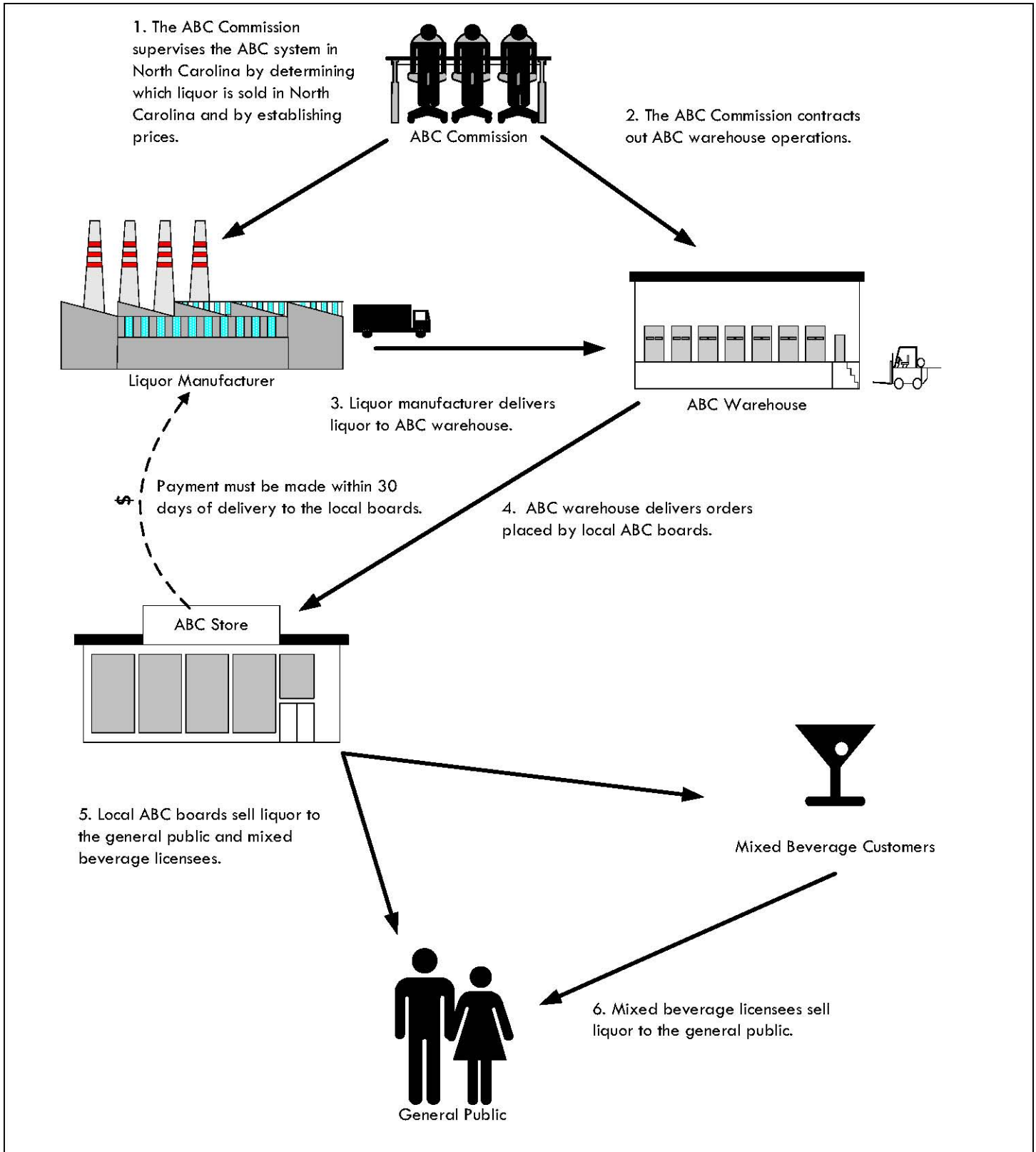
§ 18B-206. Standards for alcoholic beverages.

- (a) Authority to Set Standards. -- The Commission may set standards and adopt rules for malt beverages, unfortified wine, fortified wine, and spirituous liquor to protect the public against beverages containing harmful or impure substances, beverages containing an improper balance of substances as determined by the Commission, spurious or imitation beverages, and beverages unfit for human consumption. In setting standards and in issuing rules relating to them, the Commission may follow federal guidelines for standards of identity, labeling and advertising contained in Title 27 of the Code of Federal Regulations, or may adopt more restrictive standards.
- (b) Effective Date of Standards. -- A person possessing alcoholic beverages which do not meet a new standard set by the Commission shall have 60 days after the effective date of the standard to sell or otherwise dispose of those alcoholic beverages.
- (c) Testing.-- The Commission may test malt beverages, unfortified wine, fortified wine, and spirituous liquor possessed or offered for sale in this State to determine whether they meet the standards set by the Commission. If the Commission chooses to test an alcoholic beverage, that test may be performed by the Commission, the Commission may arrange for the State Chemist to perform the testing, or the Commission may have the testing performed in some other manner. The manufacturer of tested alcoholic beverages shall pay the costs of the test. In lieu of testing an alcoholic beverage, the Commission may rely on testing by a federal agency or an agency of another state or may accept test results from a federal agency, an agency of another state, or the manufacturer of the alcoholic beverage or his authorized agent. A manufacturer who submits test results shall also submit a fee of ten dollars (\$10.00) for each test result to cover administrative costs.

**SET THE PRICES OF ALCOHOLIC BEVERAGES SOLD IN LOCAL ABC STORES. G.S.18B-203(a)(3).
§ 18B-804. Alcoholic Beverage pricing.**

- (a) Uniform Price of Spirituous liquor. -- The retail price of spirituous liquor sold in ABC Stores shall be uniform throughout the State, unless otherwise provided by the ABC law.
- (b) Sale Price of Spirituous Liquor. -- Spirituous liquor sold at the uniform State price shall consist of the following components:
 - (1) The distiller's price and freight,
 - (2) The bailment charges of the State warehouse as determined by the Commission,
 - (3) A markup for local boards as determined by the Commission,
 - (4) The tax levied under G.S. 105-113.80(c), which shall be levied on the sum of subdivisions (1), (2), and (3),
 - (5) An additional markup for local boards equal to three and one-half percent (3 ½ %) of the sum of subdivisions (1), (2), and (3),
 - (6) A bottle charge of one cent (1¢) on each bottle containing 50 milliliters or less and five cents (5¢) on each bottle containing more than 50 milliliters,
 - (6a) The bailment surcharge,
 - (6b) An additional bottle charge for local boards of one cent (1¢) on each bottle containing 50 milliliters or less and five cents (5¢) on each bottle containing more than 50 milliliters, and
 - (7) A rounding adjustment, the formula of which may be determined by the Commission, so that the sale price will be divisible by five.
 - (8) If the spirituous liquor is sold to a mixed beverage permittee for resale in mixed beverages, a charge of twenty dollars (\$20.00) on each four liters and a proportional sum on lesser quantities.
 - (9) If the spirituous liquor is sold to a guest room cabinet permittee for resale, a charge of twenty (\$20.00) on each four liters and a proportional sum on lesser quantities. This subdivision applies to those counties subject to G.S. 18B-600(f). This subdivision also applies to those counties having a population in excess of 150,000 by the last federal census.

North Carolina Alcohol Beverage Control Commission Distribution System



4. ABC Warehouse delivers orders placed by local ABC Boards/Stores.

5. Local ABC Boards/Stores sell liquor to general public and mixed beverage licensees.