



North Carolina Spirits Association

Legislative Report
October 1, 2021

House and Senate budget negotiators have come to an agreement on the state's spending plan and tax cuts they want to see in the state budget. The few remaining disagreements were worked out between Senate leader Phil Berger and House Speaker Tim Moore earlier this week, and they are now ready to share the budget proposal with Governor Cooper. This is being done confidentially – the draft state budget bill has not been shared with the public yet – in order to attempt to negotiate in good faith and reach an agreement on a budget bill that Governor Cooper can sign. Senator Berger and Speaker Moore have said they want to present Governor Cooper with a budget that he is willing to sign and avoid the vetoes that sunk the budget proposals of 2019 and 2020. Because this is a new process, it is unclear how long this process will take.

The House voted 83-9 on Wednesday for Senate Bill 183, which would make various changes to when those convicted of drunk driving could get back on the roads. North Carolina law requires the installation of ignition interlock devices, which prevent someone from starting a vehicle until a breath-alcohol test is taken and comes back clean, for repeat driving while impaired offenders or those who register a breath-alcohol content of 0.15 percent or above. Under state law, a driver is considered impaired with an alcohol content of 0.08 percent. Senate Bill 183 would eliminate the six-week waiting period before the device could be installed, making it legal for offenders to drive to their jobs or other essential duties like court-ordered treatment immediately. The bill also provides financial help to low-income individuals who cannot afford the installation costs and monthly fees that come with an interlock device. Mothers Against Drunk Driving (MADD) has called the bill life-saving legislation. The bill now goes back to the Senate for a final vote.

The House and Senate adjourned on Thursday and will reconvene on Monday October 4.

Legislature Holds Public Hearing on State Warehouse Distribution Issues

On Wednesday, the House ABC Committee held a public hearing where they sought answers for why alcohol shortages persist across the state. Members of the Committee, as well as Senator Todd Johnson who handles alcohol-related issues for the Senate, questioned representatives of the Alcohol Beverage Control Commission and its warehousing and distribution contractor LB&B Associates for more than two hours. Officials, while insisting that the problems are being addressed, outlined a number of reasons for the bare shelves in some local ABC stores: a dramatic increase in consumption, the COVID-19 pandemic, supply chain disruptions, worker shortages, inconsistent implementation of a new software system for orders, insufficient storage at many facilities statewide and an inefficient central warehouse.

Acting Commissioner Terrance Merriweather represented the Commission at the hearing. “What we’re focused on at the ABC commission is making sure that our customers at the ABC boards are taken care of and our customers throughout North Carolina,” Merriweather said. “What we have done has been working with LB&B to not ask them to meet the obligations of the contract, but to exceed them.” LB&B admitted that there were delivery problems in July and August – stating “they own that.” The LB&B representative stated that the warehouse believes the delivery issues are now on track.

Representative Moffitt said that he sees the problems getting worse and lawmakers questioned why some popular brands not available at certain locations and how precisely liquor is allocated to stores around the state. Acting Commissioner Merriweather said the Commission has begun holding focus groups and convened an advisory group to help work through some of the issues, including training on the new software system. Lawmakers worried about the holiday season when sales tend to peak, and Representative Moffitt indicated that delays, shortages or outages are not acceptable to consumers who are attempting to purchase the liquor.

Representative Moffitt indicated another hearing could be held to address the issue. The Legislative Committee on Government Operations will continue to review the issue and look for solutions. **NC Spirits Association** leadership has met with staff of the Government Operations Committee on these issues, and will continue to work with the legislature, ABC Commission, and LB&B to address issues impacting spirits distillers and suppliers.

For more information about legislation described in the legislative reports, feel free to contact us at mfrazier@nexsenpruet.com or dferrell@nexsenpruet.com, or at (919) 573-7421. Information is also available on the General Assembly’s website: www.ncleg.gov.

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