



## **Minutes**

### **Joint Study Committee in Alcoholic Beverage Control**

Thursday April 8, 2010

2:00 p.m.

Room 643, Legislative Office Building

The Joint Study Committee on Alcoholic Beverage Control met on Thursday, March 9, 2010, in Room 643 of the Legislative Office Building. Representative Ray Warren, presiding chair, called the meeting to order at 2:00 p.m. The following House Members were present: Representatives Ray Warren, Co-Chair; Representatives Bell, Crawford, Gibson, Hill, Lucas, Starnes, and Steen. Senate members present were: Senator Don Vaughan, Co-Chair; Senators Bingham, Blue, Clodfelter, Goss, and Hartsell. The following Public Members were in attendance: Chief Tim Adams, Mr. Ronald Bogle, Ms. Karen Eckberg Gottovi, Mr. Howard Hunter, Mr. John Hurley, Mr. Edward Holmes, Mr. Walter Harris, Mr. Paul Powell, Mr. Fields Scarborough, and Dr. Peggy Richmond.

Representative Warren called the meeting to order, welcomed everyone to the Joint Study Committee on Alcoholic Beverage Control, and provided reminders concerning travel reimbursement forms, the committee notebooks, and the committee's website. He then recognized Committee Co-Chair Senator Don Vaughan, and committee assistants Theresa Lopez and Dora King-Morgan. Representative Warren noted there was a quorum and proceeded with the transaction of business.

Representative Warren asked the committee to read over the minutes from the Joint Study Committee on Alcoholic Beverage Control meeting on March 9, 2010 and to note any necessary corrections or changes. After review by the members, Representative Warren accepted a motion by Representative Bell for adoption of the minutes, seconded by Senator Goss. Without any objections the motion carried and the March 24, 2010 minutes were approved.

Representative Warren then introduced for recognition several Governors' Pages who were in attendance from across the State. The Chair also introduced House Sergeant-At-Arms Carlton Adams, Fred Hines, John Brandon, and Mike Martin. Senate Sergeant-At-Arms was Chester White, Leslie Wright and Charles Marsalis. Committee Staff in attendance included Attorneys Brenda Carter and Susan Sitze from the Research Division, Lanier McRee from the Fiscal Research Division, and Attorney Mikael Gross from the Bill Drafting Division.

## **PUBLIC COMMENTS**

### **Russ Stephenson, Raleigh City Council & Chair, League of Municipalities Planning and Services Legislative Action Committee**

Mr. Stephenson proposed two options to the committee, shared by both the City of Raleigh and the League, for more local control in regulating the sale of alcohol in our community: 1) allow the city to administer its own program for issuing ABC permits; 2) apply local zoning rules to control the location of alcohol selling-businesses. Full text attached; **Attachment 1**.

### **Harry Dolan, Raleigh Chief of Police**

The following recommendations were presented by Chief Dolan, based upon responding to alcohol related crimes and disorderly incidents generated by a small number of establishments:

- Structure legislation and corresponding regulations/penalties to support local government's critical need to have greater involvement in the alcohol licensing process.
- Review current laws and operating guidelines and make appropriate changes to support the ability of local government to respond more effectively to chronic nuisance alcohol establishments.
- Enhance law enforcement resources and funding directed toward supporting enforcement of current laws. Full text attached; **Attachment 2**.

### **Ms. Octavia Rainey, Chair, North Central Citizens Advisory Council**

Ms. Rainey reinforced recommendations made by Chief Dolan and Mr. Stephenson concerning local control of alcohol. Ms. Rainey, a neighborhood activist, referred to the Neighborhood Quality Team Summary Report and the six year accounting of the Alcohol Law Enforcement Agencies special projects in Southeast Raleigh where a number of violations occurred repeatedly in stores located in that area. Full report attached; **Attachment 3**.

### **Mayor Robert Howard, City of Southport**

Mayor Howard spoke on behalf of the Southport Board of Aldermen. He urged the members of the committee to oppose any State-mandated merger of non-

profitable ABC Boards. Mr. Howard stated some reform of the system that will hold local government entities accountable for the actions of their ABC Boards is recommended, Full text attached; **Attachment 4**.

**Shawn Arledge, Prevention Coordinator Coastal Horizons, Inc.**

Mr. Arledge, representing over 30 organizations across the state through the North Carolina Substance Abuse Providers Association, spoke in support of the current system of State control over the ABC System. Mr. Arledge noted that alcohol control is an important tool in alcohol prevention. In comparison of control states to licensure states, research indicates that alcohol control has been shown to reduce overall consumption, reduce outlet density, and generate more revenue. Full text attached; **Attachment 5**.

**Alice Lutz, CEO, Triangle Family Service**

Ms. Lutz informed the Committee that Triangle Family Services responds to family violence issues through one of the largest abuser treatment programs in North Carolina; the Domestic Offenders Sentenced to Education (DOSE) program. In 2009; 946 clients were served with the primary objective of keeping families safe. Ms. Lutz stated that the current ABC system in our state provides assistance to programs like DOSE and the current support of the Wake County ABC Board makes this possible. Full text attached; **Attachment 6**.

**H.A. Fernandez, Vice President, NC ABC Law Enforcement Officer's Association & Lieutenant with Triad Municipal ABC Law Enforcement**

Mr. Fernandez presented his statements on behalf of the NC ABC Law Enforcement Officers Association. He stated doing away with local ABC Law Enforcement is not the solution. Each board is unique due to their geographical location and the demographics of the local population. It is natural for each board to have different needs and they should be resolved at the local level. Mr. Fernandez encourages the committee to keep the current control of the States ABC system. Full text attached: **Attachment 7**

**Karen Webb, Elon Coalition to Prevent Underage Drinking**

Ms. Webb, representing the Local Coalition of Alamance County to Prevent Underage Drinking and member of the North Carolina Substance Abuse Prevention Partners Organization, encouraged the committee to take into account the increased accessibility of alcohol if the ABC system is privatized. In addition, Ms. Webb stated that a higher density of outlet stores selling alcoholic beverages is correlated with underage drinking crashes and other socially unhealthy disruptive behaviors. According to Ms. Webb, recent results in a local survey show that 11% of Middle School students, 20% of High School students and 31% of College student's indicated that when they consume alcohol, it is alcohol from the ABC store. Full text attached; **Attachment 8**.

**Jessica Harris**

Ms. Harris, a 17 year old student from the Alamance County Advisory Council and an activist for underage drinking prevention, expressed concerns that with privatization the number of liquor stores would outnumber the playgrounds in our communities. Ms. Harris indicated that privatizing would be a short economic solution creating a longer term problem for communities.

**Bill Brooks, President, North Carolina Family Policy Council**

Mr. Brooks spoke against privatization by highlighting what he deems to be one of the most important findings in the Program Evaluation Division Report on the State's ABC System. The State of North Carolina boasts the third lowest per capita consumption of alcohol and the fourth highest revenue per gallon of the 18 control states. Mr. Brooks stated the recommendation by the PED to increase the threshold for ABC store elections would address the many complaints recently introduced about the inefficiency of the state's ABC boards and stores while maintaining North Carolina's unique approach to alcohol sales. Full text attached; **Attachment 9**.

**Jim Nance, Lexington Alcohol Beverage Control Board**

Mr. Nance presented remarks on behalf of the Lexington ABC Board. He indicated that since the Lexington Board was established, the board has returned over \$9,000,000 in profits to the general fund, schools, parks, recreation and law enforcement. According to Mr. Nance the City of Lexington has come to depend on the revenue generated by the sale of alcohol. Mr. Nance added that the North Carolina ABC system has been abused by rare and specific instances of salary and ethics, but overall it remains effective. Full text attached: **Attachment 10**

**Reynolds (Tad) Clodfelter, Southlight**

Dr. Clodfelter representing Southlight (a local treatment provider) and serving as president of the Substance Abuse Federation for the State of North Carolina, spoke on the topic of privatization from both a business and treatment perspective. Clodfelter indicated that when revenue remains local, substantial charitable dollars are used to prevent and treat alcohol related problems. He stated that if NC privatizes its system and increases the number of outlets selling alcohol, statistics show increased problems with alcohol related issues. Full text attached; **Attachment 11**.

**William Belvin, Chief ABC Officer, Cumberland County**

Mr. Belvin presented information regarding the Cumberland County ABC system. The Cumberland County has maintained a Law Enforcement Agency since 1937 and currently is made up of 5 full-time officers, with authorization for 6 reserve officers. The ABC officers work duties and priorities mandated by: 1) State law, 2) Direction from chain-of-command (Board, Director, and Chief ABC Officer), 3) Requests from other law enforcement agencies. The Cumberland County ABC

officers have very positive relationship with the community and that relationship would be jeopardized if the system were to be privatized. Full text attached:

**Attachment 12**

**Dennis Parnell, President, The Healing Place of Wake County**

Mr. Parnell represented The Healing Place of Wake County, a non-profit agency specializing in a recovery program for homeless individuals with alcohol and drug addictions. Mr. Parnell explained that since 1999, The Healing Place has focused on one important component of the cause of homelessness: addiction. Currently there are two Healing Place recovery facilities operating in Wake County with approximately 68% of their alumni sober 12 months after graduation. Mr. Parnell noted that The Healing Place of Wake County is one of several ABC board supported organizations that have a positive impact on the community. Full text attached; **Attachment 13**.

**Ms. Lawless Bean, Assistant to City Manager for Legislative Affairs, City of Wilmington**

Ms. Bean stated that while the City of Wilmington continues to improve standards for a safe and enjoyable nightlife for their citizens and visitors, there are several persistent issues that are beyond the city's control under current State statutes. On March 23, 2010, the Wilmington City Council directed its staff to develop a clear set of objectives to support or object to requests for ABC permits. The two criteria in this proposal are: the locations previous use as a bar and an applicant's criminal history and background. The Wilmington City Council will review the proposal of these two criteria at its April 20th meeting. Full text attached; **Attachment 14**.

**End of Public Comments**

At the end of the Public Comment Period Representative Warren asked the Committee if there were any questions for the Public Speakers, hearing none, the chair directed the committee member's attention to a response from Jon Carr to Mr. Paul Powell's question from the March 24<sup>th</sup> meeting. "What performance standards would the North Carolina Association of ABC Boards support"? Mr Carr stated in his response that the Association supports standards for profitability and for operating efficiency and that adequate time should be provided to meet these standards before the Commission requires a board to merge. Full text is attached: **Attachment 15**

Representative Warren called upon Mr. Mikael Gross, Committee Co-Counsel, to provide an overview of draft legislation for consideration by the committee. Mr. Gross first responded to a question raised at the previous meeting on March 24, 2010:

**QUESTION PRESENTED:**

**Why can't local law enforcement officers "inspect" ABC licensed premises in the same manner as local ABC officers or alcohol law-enforcement agents?** Full text is attached; **Attachment 16**.

Following his presentation concerning law enforcement, Mr. Gross responded to additional questions from committee members.

At the direction of the Committee Co-Chairs, Mr. Gross presented for discussion Bill Draft 2009-MAz-412\* [v.4] (03/30), A BILL TO BE ENTITLED AN ACT TO MODERNIZE THE NORTH CAROLINA ALCOHOLIC BEVERAGE CONTROL SYSTEM, AS RECOMMENDED BY THE JOINT STUDY COMMITTEE ON ALCOHOLIC BEVERAGE CONTROL Full text attached: **Attachment 17**

After no further questions or comments, The Joint Study Committee on Alcoholic Beverage Control adjourned at 4:50 pm.



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Representative Ray Warren

Theresa Lopez, Committee Assistant

**Joint Study Committee on Alcoholic Beverage Control**  
**April 8, 2010**

Attachments:

Agenda

Visitor Log

Public Comments

Attachment(s): 1 – 14

Public Comments

Attachment 15:

Jon Carr, Lobbyist for the North Carolina Association of ABC Board's response to the question Public Member Mr. Paul Powell asked at the March 24<sup>th</sup> Committee Meeting, "What performance standards would the North Carolina Association of ABC Boards support?"

Attachment 16:

Mikal Gross's response to a question, "Why can't local law enforcement officer's "inspect" ABC Licensed premises in the same manner as local ABC officers or alcohol law-enforcement agents raised at the March 24<sup>th</sup> Committee Meeting.

Attachment 17:

Bill Draft 2009-MAz-412\* [v.4] (03/30) Modernization of the State ABC System, Sponsors- Representative Ray Warren & Senator Don Vaughan

Attachment 18:

North Carolina ABC Boards Profit Percent to Revenue all ABC Boards  
Fiscal Year Ended June 30, 2009

Attachment 19:

Cindy Murphy, Anuvia Prevention & Recovery Center

Attachment 20:

Follow –up response to Senator Dan Clodfelter's request at the March 24<sup>th</sup> meeting to examine the Local Government Commission as an option or a model for increased oversight of local ABC Boards.