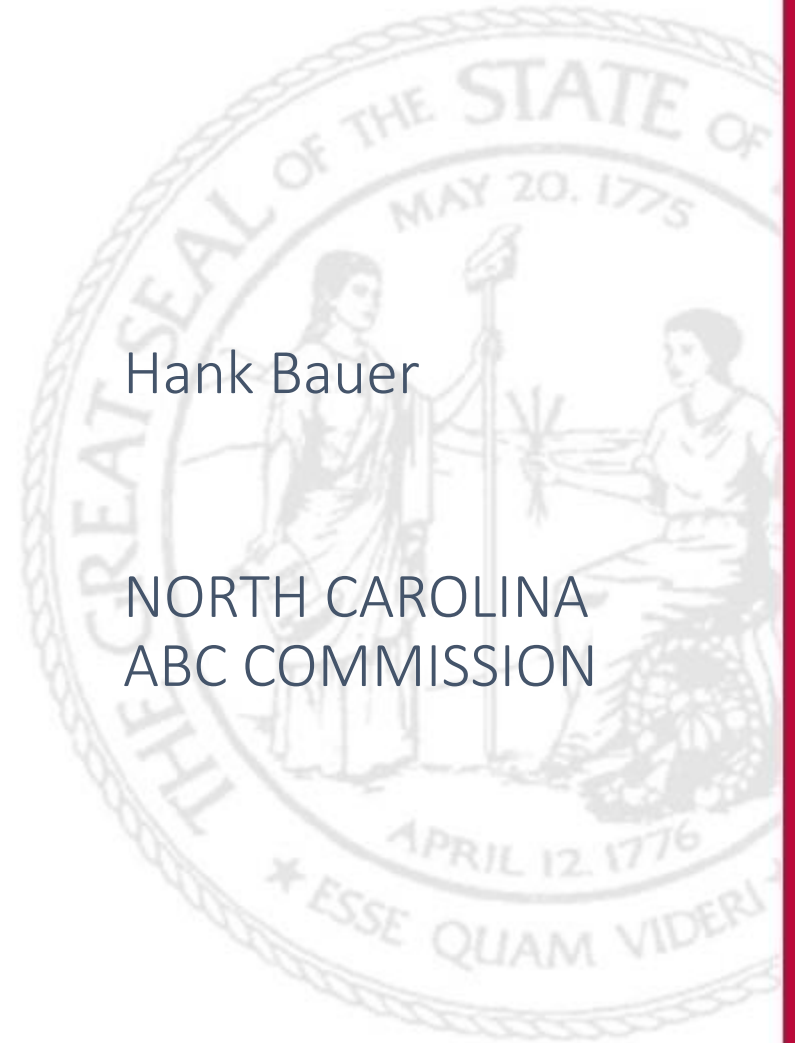




# HOUSE ABC COMMITTEE MEETING

Hank Bauer

NORTH CAROLINA  
ABC COMMISSION



## Fiscal 2022 Results

- Sales revenue fiscal 2022 = \$1,726,570,640 versus 2021 = \$1,593,785,865. An 8.3% increase over previous year.
- Mix-beverage revenue 2022 = \$329,071,980 versus 2021 = \$217,188,253. A 51.5% increase over previous year.
- General fund contribution = \$493,381,985.
- Total revenue distribution = \$671,741,587.

## Fiscal 2023

- Sales revenue YTD 2023 = \$973,556,867 versus 2022 = \$898,625,194. An 8.34% increase over previous period.
- Mix-beverage revenue YTD 2023 = \$182,628,760 versus 2022 = \$158,060,812. A 15.5% increase over previous period.
- Projected 2023 fiscal revenue = \$1,869,835,590.
- Projected general fund contribution = \$540,008,518.
- Projected local distribution = \$193,159,274.

# Control State Sales Data

	Current Month				Rolling 3 Months				Rolling 6 Months				Rolling 12 Months			
State	9L	9L %CHG	Shelf \$	\$ %CHG	9L	9L %CHG	Shelf \$	\$ %Chg	9L	9L %CHG	Shelf \$	\$ %Chg	9L	9L %CHG	Shelf \$	\$ %Chg
Total	6,031,891	-3.2%	\$1,397,874,983	0.7%	16,501,715	-0.6%	\$3,679,568,899.13	2.67%	32,292,103	-0.2%	\$7,025,936,741.65	2.7%	61,665,761	-0.6%	\$13,238,886,393.28	2.2%
MICHIGAN	777,670	-19.1%	\$186,382,282	-18.4%	2,408,714	-2.7%	\$567,176,863.90	-2.11%	4,754,285	-2.3%	\$1,111,796,719.74	-2.7%	9,165,695	-2.4%	\$2,125,985,551.36	-1.8%
OHIO	726,573	0.3%	\$191,538,158	4.7%	1,906,603	-1.1%	\$484,460,171.94	2.43%	3,732,022	-1.1%	\$932,365,975.60	2.1%	7,156,185	-1.7%	\$1,763,324,269.28	0.8%
<b>NORTH CAROLINA</b>	<b>818,729</b>	<b>3.3%</b>	<b>\$209,151,962</b>	<b>10.0%</b>	<b>2,077,567</b>	<b>2.1%</b>	<b>\$509,608,146.15</b>	<b>7.86%</b>	<b>4,000,534</b>	<b>3.2%</b>	<b>\$949,133,093.10</b>	<b>8.3%</b>	<b>7,545,373</b>	<b>1.8%</b>	<b>\$1,758,346,555.35</b>	<b>7.1%</b>
PENNSYLVANIA	858,360	3.3%	\$181,006,400	5.2%	2,455,737	3.7%	\$493,628,712.27	5.07%	4,750,601	3.5%	\$922,335,941.21	3.7%	8,991,265	3.1%	\$1,741,820,541.91	2.7%
VIRGINIA	628,953	2.8%	\$163,139,681	7.5%	1,622,599	0.8%	\$408,823,410.11	6.13%	3,073,213	0.1%	\$752,731,458.65	5.1%	5,839,089	-0.4%	\$1,402,114,577.33	3.8%
OREGON	387,975	-2.8%	\$93,879,086	0.8%	1,015,483	-2.0%	\$236,035,044.25	1.21%	1,985,762	-0.6%	\$450,074,167.55	3.2%	3,762,933	-1.6%	\$841,003,408.95	2.9%
ALABAMA	355,299	-0.2%	\$84,837,984	3.7%	942,215	-0.1%	\$214,802,467.07	3.80%	1,810,674	1.1%	\$399,071,505.14	4.5%	3,513,902	0.9%	\$761,695,498.14	3.5%
NEW HAMPSHIRE	207,646	-3.6%	\$42,767,363	-0.8%	605,727	-6.7%	\$118,308,900.68	-7.11%	1,239,424	-6.2%	\$236,586,969.84	-5.1%	2,338,613	-7.0%	\$440,451,169.97	-7.2%
IOWA	257,968	-5.0%	\$43,093,223	1.8%	738,871	-2.8%	\$120,333,785.12	1.60%	1,452,220	-2.3%	\$232,161,046.71	2.7%	2,811,120	-1.8%	\$438,505,809.85	2.4%
MISSISSIPPI	183,278	-19.8%	\$31,327,347	-15.4%	581,890	-12.5%	\$99,309,608.55	-8.16%	1,119,243	-12.3%	\$191,625,529.00	-5.6%	2,268,332	-8.9%	\$381,913,783.92	-2.3%
UTAH	201,101	7.2%	\$40,593,346	9.7%	469,857	6.4%	\$90,085,691.51	6.00%	913,045	6.4%	\$170,706,438.42	5.6%	1,729,801	6.2%	\$324,929,040.52	6.0%
IDAHO	151,462	-0.7%	\$34,243,169	5.1%	388,257	-1.0%	\$84,131,693.45	4.65%	759,607	-0.5%	\$161,670,481.85	5.6%	1,431,977	-1.6%	\$297,621,582.76	3.9%
MAINE	131,921	-7.7%	\$27,235,300	-1.4%	358,046	-2.6%	\$73,754,788.73	3.85%	779,039	-0.8%	\$157,458,051.10	5.7%	1,449,261	-1.0%	\$288,712,691.28	5.0%
MONTANA	101,417	-4.3%	\$20,017,831	-1.5%	281,497	0.7%	\$54,572,799.60	4.26%	570,576	0.7%	\$109,634,095.35	4.2%	1,096,729	1.8%	\$207,116,038.08	5.5%
WEST VIRGINIA	78,354	-5.4%	\$12,507,369	-2.9%	207,955	-3.6%	\$33,080,737.35	0.44%	466,450	1.5%	\$71,753,116.57	5.6%	880,152	-1.5%	\$133,949,191.40	2.0%
MARYLAND	54,959	5.2%	\$14,091,937	7.9%	143,088	4.5%	\$34,875,310.78	5.32%	271,839	4.5%	\$63,479,045.33	3.4%	510,408	7.9%	\$119,104,075.84	7.2%
WYOMING	61,667	-5.6%	\$10,403,792	0.1%	176,002	-0.8%	\$28,834,836.85	3.99%	374,393	1.9%	\$60,087,332.85	6.4%	714,076	0.1%	\$112,184,183.13	3.6%
VERMONT	48,559	-3.6%	\$11,658,754	2.3%	121,608	-4.0%	\$27,745,930.82	1.31%	239,178	-3.8%	\$53,265,773.64	1.0%	460,848	-1.0%	\$100,108,424.21	3.0%

# State General Fund Projection

- Fiscal 2023 = \$540,008,518
- Fiscal 2024 = \$568,866,110
- Fiscal 2025 = \$585,932,094
- Fiscal 2026 = \$607,611,569
- Fiscal 2027 = \$640,311,326
- Fiscal 2028 = \$679,050,186
- Fiscal 2029 = \$724,600,180
- Fiscal 2030 = \$774,959,879
- Fiscal 2031 = \$827,360,117
- Fiscal 2032 = \$877,001,711
- Fiscal 2033 = \$931,900,306
- Fiscal 2034 = \$983,154,826
- Fiscal 2035 = \$1,039,764,389
- Fiscal 2036 = \$1,091,752,546
- Fiscal 2037 = \$1,149,136,125
- Fiscal 2038 = \$1,203,720,095
- Fiscal 2039 = \$1,261,551,428
- Fiscal 2040 = \$1,318,321,242
- Fiscal 2041 = \$1,374,381,855
- Fiscal 2042 = \$1,429,357,155



## Vendor – LB&B

- Currently shipping an average of 760,000 cases per month with a 95% fill rate.
- Shipped over 7,300 loads of product to local ABC Boards last year.
- The ABC Commission has 3 teammates currently working in the warehouse to manage the contract with LB&B. These teammates are tasked with measuring the KPI's, load approvals and board interaction.



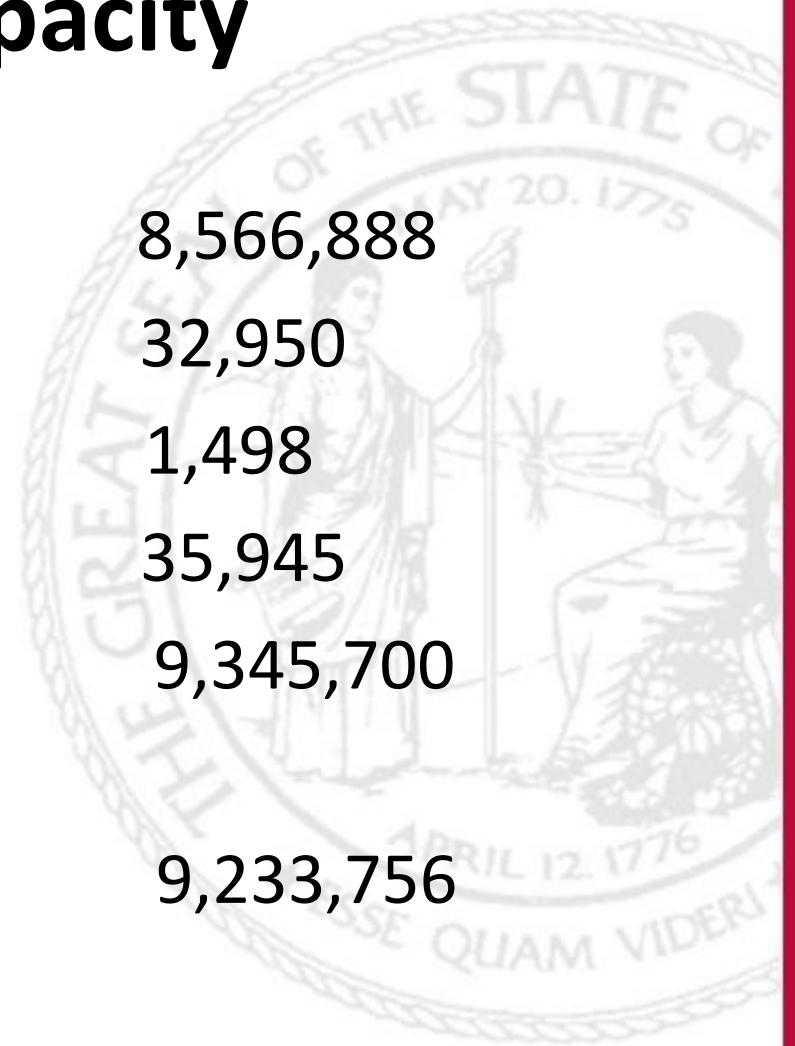
# Warehouse Inventory

- Warehouse inventory December 2021 = 60 million dollars and 400,000 cases.
- Warehouse inventory December 2022 = 101 million dollars and 936,000 cases.
- Out of stocks January 2022 = 163,008 cases, January 2023= 50,199.
- Building partnerships with brokers and suppliers to attain the necessary product to continue our growth path.
- Currently stored in two warehouses – State facility and Clayton rental. Transferring half of our case sales monthly from Clayton to Raleigh.



## Current Warehouse Capacity

- Fiscal 2022 case sales- 8,566,888
- Workdays (260)/ average daily cases- 32,950
- Workday hours (22)/ average cases per hour- 1,498
- Max work hours (24)/ average cases per day- 35,945
- Max cases shipped per year- 9,345,700
- Projected case shipments fiscal 2023- 9,233,756





# Allocated Bourbon

- Two methods to allocate the bourbon's we receive in NC are "Limited Distribution" and "75%/25%".
- "Limited Distribution" – a max order quantity is set by the commission based on the number of cases we have for the month. The boards that order this product first will receive the max cases. Ex. Brand A has 125 cases, and the commission sets the quantity at 1 case, 125 boards will receive brand A.
- "75%/25%" – based on sales volume of the state boards. Top 30 boards are 75% of the state's revenue. Example – state receives 1,000 cases of Buffalo Trace the top 30 boards receive 750 cases and the rest get 250.
- Suppliers are supporting NC with more bourbon because of these methods and because boards are selling 60% to mix-beverage customers.
- 2022 versus 2021 allocated bourbon shipments are up 17% in volume and 43% in the number of bourbon brands.

# Allocated Bourbon Tracking

Board / Product ID	Product Name	Cases 2021	Cases 2022	% VAR	Item VAR
Total		50,442.00	59,022.58	17.01%	43.03%
Alamance County 13		200.00	343.00	71.50%	130.00%
19450	ALL* Weller Special Reserve .75L		1.00		
19659	ALL* Blanton's Straight From The Barrel .75L		1.00		
19710	ALL* Weller Single Barrel .75L		2.00		
19713	ALL* Elijah Craig Toasted Barrel .75L	5.00	1.00		
19774	ALL* Larceny Barrel Proof .75L				
19791	ALL* Weller Full Proof .75L	1.00	4.00		
19945	ALL* Henry McKenna Single Barrel .75L		4.00		
19998	ALL* Michter's 10Y KS Rye Whiskey .75L		1.00		
20029	ALL* Elijah Craig 18Y .75L		4.00		
20143	ALL* Old Fitzgerald BIB Decanter 17Y .75L		1.00		
20186	ALL* Weller CYPB .75L	1.00	4.00		
20376	ALL* Michter's US1 Barrel Strength Rye Whiskey .75L	5.00			
20581	ALL* E.H. Taylor Jr. Small Batch .75L	7.00	7.00		
20611	ALL* Buffalo Trace Bourbon Whiskey .75L	120.00	90.00		
20612	ALL* Sazerac Rye 6Y .75L		10.00		
20624	ALL* Buffalo Trace Bourbon Cream .75L				
25071	ALL* E.H. Taylor Jr. Barrel Proof Bourbon .75L		3.00		
25430	ALL* Very Old Barton 1.75L		2.00		
25431	ALL* Very Old Barton .75L		6.00		
25555	ALL* W.L. Weller 12Y .75L	3.00	7.00		
25568	ALL* Weller Antique 107 .75L		3.00		
27090	ALL* Blanton's Single Barrel .75L	21.00	38.00		
27118	ALL* Elmer T. Lee Single Barrel .75L_2		1.00		
27168	ALL* Eagle Rare 10Y 1.75L	5.00	10.00		
27169	ALL* Eagle Rare 10Y .75L	32.00	141.00		
20192	ALL* E.H. Taylor Jr. Single Barrel Bourbon .75L		2.00		
	Item Count Total	10.00	23.00		



# Modernization

- Working with DPS/DIT to establish dedicated IT support for the ABC Commission to modernize outdated business systems. The 30+ year-old system will be updated to allow customers to apply for ABC permits online.
- The Commission's Business System Analyst will work closely with DPS IT to develop efficient, easy-to-use systems that meet the needs of both customers and ABC staff.
- Partnering with SAS on technology that is centered around spiritous liquor inventory, shipping, and stock levels. We envision this system will provide local boards and general public transparency on inventory levels within the state warehouse and local ABC boards.

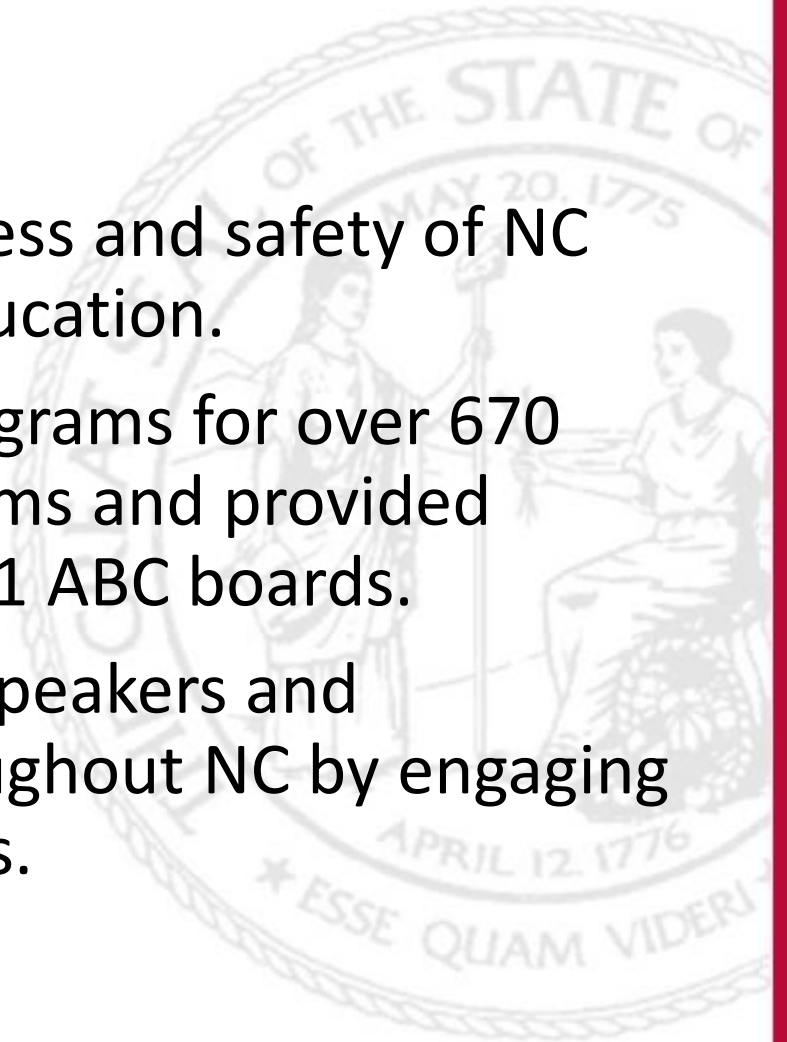
# Permitting

- Updated file retention policy to start utilizing internal computer system more effectively and work toward paperless system to maintain applications.
- Updating renewal/registration process for 2023-2024 with assistance from Public Outreach Section.
- Reassigned geographical areas among compliance officers so audit investigations are more evenly distributed.



# Special Services

- Working to strengthen the public health, wellness and safety of NC communities through customer service and education.
- Conducted community education outreach programs for over 670 participants in alcohol law enforcement programs and provided training awareness and support to 88 of the 171 ABC boards.
- The efforts of our Talk it Out Ambassadors, as speakers and representatives, furthered our messaging throughout NC by engaging over 6,600 participants in 41 community events.





## Contact the ABC Commission

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