

Subscribe & earn miles

 Subscriber Services

 **Current: 71°**
 79° / 50°
 Complete Forecast

And it's done.


Double the score.
 Photo sharing with *Katana® II* by *Sanyo®*.
 Buy one, get one FREE. Online-only pricing.

[Shop now](#)

Search Charlotte.com Archives Web for

Go

Welcome **Guest**
[Login](#) | [Register](#) | [Sign in to Classifieds](#)

- Jobs
- Cars
- Real Estate
- Apartments
- Shop Local
- All Classifieds
 - Create an Ad
 - Find an Ad
- Legal Notices

Posted on Sun, Oct. 14, 2007

[email](#) [print](#) [reprint or license](#)

[AIM](#) [del.icio.us](#) [Digg it](#)

[Description](#) [Best Deals](#) [Feedback](#)

ALCOHOLIC BEVERAGE CONTROL IN N.C.

ABC system seen as wasteful

Critics: Board glut costly to communities

MARK JOHNSON
 mjohanson@charlotteobserver.com

North Carolina operates an Alcoholic Beverage Control system replete with duplication. Across the state, 155 separate local ABC boards run the liquor stores. Two-thirds of the boards run only one store.

In coastal Brunswick County, nine separate boards operate 10 stores.

It's a unique system of local control that creates needless bureaucracy, breeds inefficiency and wastes money, its critics say. Some state leaders and veterans of the system contend that as long as North Carolina controls alcohol sales -- not only to regulate it but to recoup money for public needs -- then the public should get more out of their monopoly business.

State ABC Commission Chair Doug Fox wrote Gov. Mike Easley in August seeking support for three major legislative changes in the liquor system:

- The state board would have more power to require mergers, primarily among neighboring ABC boards that are struggling financially but refuse to combine operations.
- The state board would have more authority over local store operations, such as the design and hours of stores, to help create the uniformity and consistent service that customers expect.
- A community would have to collect 5,000 signatures, instead of the current 500, to put creation of a new local ABC board to a public vote.

"In little Town A and little Town B, they're competing for the same customer," Fox said. "You're going to have two systems that are probably going to be inefficient."

Easley, a Democrat, said Fox's proposals make good business sense, and Easley wants to examine whether he can implement any of them through executive orders.

"Most of these things (Fox) recommends are just bringing this into the 20th, much less the 21st, century," Easley said.

Local boards defend the fragmented system by emphasizing that it still makes tens of millions for the state and communities while giving communities more decision-making ability on liquor issues than under a centralized or privately run liquor system.

North Carolina, which has 400 stores, is the only state with such a large, independent system of local control. The other 18 states (and two counties in Maryland) that directly control alcohol sales operate state-run stores, sell through private retailers as agents of the state or some combination of the two.

Most other states, including South Carolina, allow licensed private retailers to sell liquor.

Some unprofitable or marginally profitable jurisdictions in North Carolina have resisted past suggestions to merge with nearby local ABC boards because local elected officials don't want to lose control of their store or the plum of a board appointment, said Ann Fulton, who chaired the commission from 2001 to 2004.

Multiple boards increase expenses, say state officials. The 538 locally appointed board members across North Carolina aren't paid a salary but receive stipends for attending meetings -- \$50 per monthly meeting is typical, according to Clyde Sigmon, a member of the Catawba County ABC board and president of the state association of local boards.

That alone costs more than \$320,000 a year. And once a year, board members spend money on conferences at pricey locations. A July conference at the Grove Park Inn in Asheville cost at least \$140,000 in liquor revenue that otherwise would go to communities.

Beyond the individual members' expenses, the local board system generates duplicative efforts and costs in warehousing, management salaries, audits and accounting, said Larry Beck, executive director of the Gastonia ABC Board, which operates five stores. Each board does its own annual audit at \$3,000 to \$5,000 apiece.

"The more boards we create, we're being redundant in offering the same product and service, but we're adding overhead to it," Beck said.

The four other ABC boards in Gaston County -- Cherryville, Bessemer City, Cramerton and Mount Holly -- each oversee only one store.

The ABC boards in Seven Devils, Banner Elk and Sugar Mountain each operated a store in the mid-1990s, and all were within three miles of each other. They merged into one store in Banner Elk in 1998.

Expenses dropped from \$331,000 among the three stores in 1998 to \$145,000 in the first



LG 42PC3D Television
 Plasma Television, 42 inch,
 Resolution: 1024 x 768 pixels,
 Brightness: 1500 cd/m²,
 Contrast Ratio: 10,000:1,
 Aspect Ratio: 4:3



Quick Job Search

Enter Keyword(s):

Enter a City:

Select a State:

- All United States -

Select a Category:

- All Job Categories -

Search

- [Advanced Job Search](#)
 - [Search by Category](#)

- News
 - Breaking News
 - Columnists
 - Education
 - Nation
 - Obituaries
 - Politics
 - Weather
 - Weird News
 - World
- Opinion
- Business
- Sports
- Entertainment
- Living
- Local News
 - Cabarrus
 - Catawba
 - Gaston/Lincoln
 - Lake Norman/Iredell
 - Mecklenburg
 - Southern Meck
 - Union
 - University City
 - York/Lancaster
- Multimedia
- Blogs

ONLINE EXTRAS

- Today's Paper
- Living Here
- Archives
- Weather
- visitcharlotte.com
- Forums
- Traffic Reports
- Ads From Observer
- Advertising Sections
- Local Coupons
- Celebrations
- Yellow Pages
- Maps & Directions

SITE SERVICES

- Site Index
- RSS
- Place an Ad
- Contact Us
- Contact Observer
- Feedback
- Report a Bad Link
- E-Edition
- Staff Listing

year of the merger. Profits rocketed from a pre-merger, collective total of \$98,000 to \$247,000 for the merged store.

"The system needs changing," said state ABC commissioner Mike Joyner of Charlotte. "It's been 70 years since it was set up. ... For the most part the local boards do a good job, but you have to honestly question if you need a local board to run one store."

The ABC boards in the state's larger urban areas, such as Mecklenburg's two dozen stores, generally are among the more efficient and more profitable, with centralized management and staff.

The glut of local boards in small towns sometimes translates into a lack of management expertise.

Last summer the state ABC Commission wrote local ABC boards in the 50 smallest jurisdictions after several cases of embezzlement or theft. The letter suggested the boards were failing to sufficiently watch over their stores.

"Situations continue to arise where a manager abuses that trust (of the local board) and breaks the law," wrote Laurie Lee, director of audits and pricing at the state commission, on Aug. 28.

Resistance at local level

"I know that everybody wants to keep their own store for themselves," said Sara Brewer, manager of the Banner Elk store before and after their merger. "But having been on both sides of it, I think they can learn a great lesson from this. ... Some of the smaller stores that could merge together should seriously look at it." Consolidation is something that legislative leaders and candidates for governor say they are willing to consider, but local boards and local officials would mostly oppose it.

The system is a product of the state's history of wanting decisions made as closely as possible to the people, said Fox, the state chairman.

Some legislative leaders expressed interest in re-examining the ABC system, including Senate President Pro Tem Marc Basnight, a Democrat from Dare County. Fox and other advocates for reform, however, likely will have difficulty building momentum for legislation next year, an election year when the General Assembly's session is shorter and legislators are preoccupied with enormous budget questions.

Proponents tout profits

The state commission, composed of three members, runs a central liquor warehouse and sets statewide prices but doesn't operate stores. It can offer help to local boards, but can only intervene when there are major problems.

Officials of local boards defend the system, pointing out rising sales and multimillion-dollar profits.

ABC sales rose 8 percent, to \$650 million, in the fiscal year that ended in June. That put \$168 million in the state's general fund through taxes and \$40 million in localities' bank accounts from net profits.

"Throughout the system, North Carolina does pretty well as far as profitability," said Sigmon, the association of local boards president.

Board members boast of the big checks they write to their town or county that pay for parks or firetrucks. The Catawba County ABC board handed over \$900,000 to that county last year. Mecklenburg County and Charlotte received a total of \$4.4 million from the county ABC board.

But 32 boards, about one-fifth of them, did not give a single dollar to local government last year, according to state data. Some boards didn't make enough money, while some newer boards had too many start-up bills to pay. The lack of contributions raises questions about one of the board members' central arguments for their system -- that they return money to their community.

Mergers more beneficial?

Mergers are still rare, despite success in the Banner Elk area and another recent example near Greensboro.

When Bermuda Run, in Davie County, created an ABC board in 2005, the board considered opening an independent store, but instead consolidated with what is now the Triad ABC board, which already had 13 stores.

By merging, Bermuda Run's store generated revenue for the town in the first year instead of several years later, as is typical for stand-alone stores. The merger saved on staff, accounting costs, insurance, store design and bulk purchasing power, said Sam Krause, the town's representative on the Triad Board.

"It wasn't a difficult decision at all," Krause said. "It was so much more advantageous from a financial standpoint."

Still, boards almost never take that step.

Sigmon said he doesn't want mergers forced on anybody, but acknowledged they don't take place in some cases when it seems logical. Lincoln County voted to create its own ABC board in 2002, when the town of Lincolnton already had a board that had run its store for 35 years.

"Rather than merge with Lincolnton, (Lincoln County) set up their own system, which is, to me, a little redundant," Sigmon said.

Staff writer Lisa Zagari contributed.



[Automatic Divot Tools](#)
Hat Clips Custom logo's
remedygolf.com

[Cadillac SRX](#)
Read reviews of Cadillac SRX. Advice you can trust -
MSN Autos.
Cadillac.Autos.MSN.com

Ads by Google

REAL Cities

Visit other Real Cities sites

[News](#) | [Business](#) | [Sports](#) | [Entertainment](#) | [Living](#) | [Shop Local](#) | [Classifieds](#) | [Jobs](#) | [Cars](#) | [Homes](#)
[About Charlotte.com](#) | [About the Real Cities Network](#) | [About the McClatchy Company](#)
[Terms of Use](#) | [Privacy Policy](#) | [Copyright](#)