

Spelling out the pluses of the ABC System

By JOSEPH E. WALL

RALEIGH

With the General Assembly returning to town later this month and a budget deficit looming, the public debate over the future of the state's ABC system will most likely intensify. In order for this debate to produce more light than heat, the public must become more informed about our current ABC system.

In North Carolina's system, state and local governments control sales of bottled liquor. The current system provides more than just control, however. It also ensures that liquor is conveniently available while promoting moderation, producing revenue and deterring sales to underage buyers.

In North Carolina, revenue from the sale of distilled spirits goes to state and local governments. In states where the system has been privatized, such as neighboring South Carolina, distilled spirits are sold by private businesses, and the profits go to the owners. In both systems (governmental and private), excise and sales taxes generate substantial amounts of tax revenue.

North Carolina's ABC system is entirely self-funded. ABC store employees are not state employees, and the ABC system does not contribute to the state's budget gap. Quite the contrary, the ABC system gives millions of dollars each year in tax revenue to the state's General Fund.

If you do not purchase distilled spirits, the current ABC system does not cost you a dime. On the other hand, the current system provides a valuable service to the residents of the state, both those who imbibe and those who do not.

Local ABC boards provide a significant amount of revenue not only to the state's general fund but also to local governments. Last year the Wake County ABC system produced over \$23 million in state taxes. The Wake County board paid over \$6 million to the county, and it distributed hundreds of thousands of dollars to Raleigh and the surrounding towns in Wake County.

If the ABC system is privatized, residents may see their property taxes increase if lo-

cal governments have to scramble to replace those dollars. Some, but far from all, of the loss may be offset by taxing property that is currently owned by local ABC boards, but many ABC store locations across the state are leased and are already on the tax rolls.

Local ABC boards also provide vital financial support to agencies that provide alcohol education and rehabilitation services to the public. For example, last year the Wake County ABC system was one of the principal financial supporters of the Wake County Alcohol Treatment Center, The Healing Place of Wake County, Southlight Treatment Center and the Raleigh Rescue Mission, as well as a number of other organizations.

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Privatization will result in a substantial increase in the number of liquor outlets, which will result in more sales and more consumption, but at what cost to society? For many products, increased sales and consumption are acceptable marketing goals, but when the product is alcohol, control and moderation are more important goals to pursue.

North Carolina's current system provides a good balance of revenue production on the one hand and control on the other. According to the state ABC Commission's most recent annual report, total revenue distributions by city and county ABC boards last year amounted to well over \$275 million.

Control and moderation have been important concerns in North Carolina ever since Prohibition was lifted. Alcohol is not just another commodity. Convenience and pricing are certainly issues that merit consideration in the marketing of any product, but when it comes to the sale of alcoholic beverages, the public's interest in control and moderation is paramount.

Our current ABC system has remained essentially unchanged for many years because it has provided North Carolinians with a good balance of control, ABC law enforcement and revenue. It is a control system worthy of preservation and worthy of residents' support, whether they are ABC store customers or not.

Joseph E. Wall is executive director of the N.C. Association of ABC Boards.