

# North Carolina ABC system celebrates 50th anniversary

By Noel Yancey  
My three elderly aunts hated liquor like the Devil hated holy water. So you can imagine my surprise when they announced their intention to vote for ABC liquor stores. "People are not going to stop drinking," they explained, "and we think the county should get all that money instead of the bootlegger."

After a half century of ABC liquor stores, the figures prove my aunts knew whereof they spoke. In those 50 years, the state has collected \$870 million in taxes on ABC liquor sales while counties and municipalities earned \$639.25 million in profits that went to help finance local government, the public schools, hospitals, libraries — a total of \$1.53 billion.

In addition, liquor sales paid \$47.8 million to state and counties for rehabilitation of alcoholics; \$84.7 million to counties and municipalities for law enforcement and education while another \$463 million from liquor sales paid the salaries of 1,400 employees of 46 county and 100 municipal boards which operate the 384 ABC liquor stores in North Carolina.

The ABC liquor system got its start when the 1935 General Assembly passed laws authorizing elections in 18 counties on legalizing liquor stores. All of those counties but two voted for the stores.

Wilson County, which had approved stores almost 10 to 1 — 4,147 to 428 — opened the state's first ABC store on July 2, 1935. The other 15 counties soon followed. In the half century since, additional counties have voted in stores until there are now a total of 46. Asheville — where an election was authorized under a special legislative act after Buncombe County had voted dry — became the first municipality to operate an ABC system in 1947. Now there are 100 municipal ABC systems. As a result, there are now ABC liquor stores in every North Carolina county except eight — Graham, Clay, Mitchell, Yancey, Davie, Yadkin, McDowell and Ashe.

The battle in the 1935 Legislature came 26 years after North Carolina became the first state to completely outlaw liquor sales, 15 years after prohibition became effective nationally and only two years after the people of

the state had voted 300,034 to 115,582 against repeal of the 18th Amendment.

Since that overwhelming victory on November 7, 1933 in its fight against the repeal of Prohibition, dry forces have fought a generally unsuccessful holding action, a long series of defeats interspersed with an occasional success until June 14, 1978 when the General Assembly ratified a statewide local option liquor-by-the-drink bill. It was the greatest victory scored by control supporters since 1935.

After 50 years of ABC stores, even Coy Privette, the Kannapolis minister who heads the Christian Action League, had some kind words to say for the ABC system although he remains adamantly opposed to liquor by the drink. Privette said he had "always been a supporter of the ABC system" and considers it "far superior" to the licensing system such as South Carolina's where "every Tom, Dick and Harry can go into the liquor business." He said the ABC control states "have less per capita consumption" than the private license states.

State ABC Chairman Charlie Knox — appointed to the post recently by Governor Jim Martin — said "our people can be proud of the ABC system" which "has served the people well over the last 50 years." He said the system "has been run with integrity" by a lot of local people on 146 county and municipal board which have produced "substantial revenues for the state and the local units."

Passage of the liquor-by-the-drink measure in June, 1978, hinged on the decision of House Speaker Carl Stewart to recognize Rep. H. Parks Helms, a Charlotte Democrat who led the liquor-by-the-drink forces, instead of Rep. Dan Lilley of Kinston, the anti-liquor floor leader. The mixed drink bill had just been defeated by a 61-65 vote. Lilley wanted to make the motion to apply the legislative "clincher" which would have effectively killed the bill. Helms knew that Lilley was up to and wanted to seek an adjournment before Lilley torpedoed his cause.

When Stewart, who was officially neutral but privately favored the bill, recognized Helms, the adjournment motion carried. Both friends and foes spent a hectic evening trying to convert a handful

of House members who were wavering. The mixed drink forces succeeded in finding a couple of members who were willing to "take a walk" from the House chamber while the vote was being taken. They did walk. The House voted 57-56 to resurrect the bill, and it was passed 62-55 on its final reading on June 9.

Dr. D.P. McFarland, director of the Christian Action League and an anti-liquor leader, said later that Stewart's recognition of Helms instead of Lilley was the turning point in the mixed drink battle.

The liquor issue has produced many other dramatic moments in the Legislature. Some of these came in 1935 when the first ABC liquor bill was passed. The days were chagrined when Senator Sprunt Hill of Durham, hitherto a staunch backer of prohibition, announced that he and several other drys were backing a bill calling for a referendum on opening state-operated liquor stores. Hill, a stately, white-thatched patrician, said his group felt "conditions in North Carolina have become intolerable in regard to the sale and use of liquor." He said the Turlington Act has become "more a breeder of crime than law for the enforcement of prohibition."

The courts have contributed dramatic moments, too. One of these came in 1966 in a case challenging the City of Reidsville's ABC liquor system on the ground there was no provision for municipal ABC stores in the General Statutes. However, the State Supreme Court ruled that the will of the people had been expressed in an ABC election and that municipal ABC systems are legal.

A howl of anguish and dismay erupted in 1966 when the Supreme Court outlawed brown-bagging — the Tar Heel practice of carrying liquor bottles into restaurants and clubs to pour drinks. Associate Justice Susie Sharp wrote the opinion in which the court held that drinking liquor was legal only in one's home. The ruling — had it been enforced would have halted brown-bagging in restaurants and would have closed the bar in every bottle club, country club and veterans' post in the state.

When Judge Hugh Campbell of Charlotte ruled that the court's decree would not be enforced until

a new term of court convened in Mecklenburg on January 3 — three weeks away, the Supreme Court sternly rebuked Judge Campbell by ordering enforcement to begin "forthwith" — meaning right now. It made sure Judge Campbell got the message by having its marshal personally carry it to Charlotte — an unprecedented step. The judge had sought to let Mecklenburg tippers brown-bag in peace during the holiday season.

The General Assembly heeded the anguished cries the following year by legalizing brown-bagging. It conferred on the State ABC Board the task of licensing and regulating restaurants and clubs that wished to allow patrons to drink from their own bottles. In 1977, the board issued 3,542 brown-bag permits.

The brown-bag crisis had the effect of strengthening the push by the tourist industry — restaurants, hotels, motels, and chambers of commerce in resort areas and convention cities — and by the bottle clubs, country clubs and veterans' posts — for legislation to legalize mixed drinks. This drive was intensified in 1972 when the Supreme Court ruled unconstitutional a local law which had authorized a mixed drink referendum in Mecklenburg County. The court held the law discriminated against citizens of other counties who were not given the opportunity to vote on mixed drinks.

After passage of the statewide mixed drink measure, voters in Mecklenburg County quickly opted against the liquor by the drink — by a two to one margin. A few weeks later, a customer in Benedictine's Restaurant downed a Bloody Mary. It was the first legal cocktail poured by a bartender in North Carolina in 70 years. Now mixed drinks are legal in 1,200 restaurants and clubs in eight counties and 37 additional cities or towns. Each of these 1,200 outlets pays an extra \$15 for each gallon of liquor it buys. The local unit gets \$9 of this and the state \$6. From July 1, 1983 to June 30, 1984, liquor sales in North Carolina totaled \$300,890,506. Mixed drinks accounted for \$26,712,659 of this.

After seven years of mixed drinks, there has been a decline in bottle sales of liquor and an increase in mixed drink sales.

and the public is consuming less liquor" said Knox. "I think that's the way it should be."

But Privette said the ills resulting from mixed drinks were greater than he had expected. He said mixed drink sales were up by 12 percent in the nation last year, and "when you have increased consumption, you have an increase in related problems" of alcohol consumption. He said DUI arrests in mixed drinks counties had risen 67 percent in the first four years.

However, J. Richard Stewart, a researcher at North Carolina Highway Safety Research Center in Chapel Hill said a study a little over a year ago indicated "no major changes" in alcohol-related auto accidents since the advent of mixed drinks.

During the first year of so after ABC stores were opened in 16 counties, they were operated by the individual county ABC boards completely independent of state direction. These boards hired personnel, established stores, selected brands, set prices and disbursed profits. However, the 1937 Legislature created the State ABC Board (now the ABC Commission) and authorized ABC elections in every county as recommended by a study commission headed by Victor Bryant of Durham.

Governor Clyde R. Hoey appointed Cutlar Moore of Lumberton, who had been active in the Hoey gubernatorial campaign, to head the new board. The other members were F. Webb Williams of Elizabeth City and Thomas J. Murphy of Greensboro. Williams, who had sponsored the Pasquotank Act under which all the 1935 ABC elections save one were held, was the "wet" on the board, Murphy was the "dry," and Moore, who admitted to drinking an occasional beer, was "Mr. In Between." Though considered a middle-of-the-roader on liquor, Moore said he voted dry in 1933, and "If I had to vote again, I believe I would vote dry."

The board's first task was to set uniform liquor prices for the entire state. Its other duties under the law were to see that the state's alcoholic beverage laws were enforced and directing the operation of the bonded warehouse where liquor was held until it was ordered

by the local boards. Although the board is now called a commission and its membership has been increased to five and reduced again to three, its powers and duties remain much the same today except it was given the task of regulating wine sales in 1945 and beer sales in 1949.

The board's membership which was upped to five as part of a reorganization of state government, was reduced to three again in 1969 at the behest of Governor Bob Scott. The 1969 legislation had the effect of tossing out the five-member board and replacing it with a three-member panel appointed by the governor and serving at his pleasure. That's the way the law remains today.

The local ABC boards are autonomous, quasi-governmental panels of civic-minded citizens who serve their communities with little financial reward. These boards have the task of operating local ABC systems in accordance with state law. They have to borrow the funds to get started, build or rent store buildings, hire employees, purchase merchandise as well as equipment and supplies and distribute profits. Neither the state or local governments have invested one cent in their operations.

North Carolina is one of 18 liquor states, but it differs from the others in one important respect. In other states, where the government sells liquor to the public in publicly-owned stores, the state actually purchases the liquor from the distillers. But not in North Carolina. It has a bailment system under which distillers ship their product to a privately-operated, state-owned central warehouse in Raleigh where it is held in the distiller's name until it is purchased by a local board.

Since the passage of the mixed drink bill in 1978, the biennial hurly-burly over alcoholic beverages in the General Assembly has largely subsided for the first time since 1935. One can't help but reflect on some of the changes the half century have brought. Back in 1935, folks in Raleigh had to drive to South Hill, Virginia, to buy liquor legally. Then when Nash County opened stores, they had only to drive to nearby Middlesex. Finally, they had to go only a few blocks when Wake County opted for stores.

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