



North Carolina Spirits Association

Legislative Report
June 19, 2020

Leadership in both chambers have indicated that they hope to finish up business for the short legislative session by the end of the week beginning June 22. However, various bills and issues remain unfinished, including tax legislation, bills to reopen various sectors of the economy, Department of Transportation (DOT) reform, and appropriations bills. The House is also working on a regulatory reform bill, which contains many of the same provisions as last year's regulatory reform bill, which was vetoed. The State remains under Phase II of Governor Cooper's three-part plan to reopening, with restaurants and personal care salons open at limited capacity. Various groups have sought legal and legislative relief to allow them to reopen. Governor Cooper recent vetoed a bill that would have allowed gyms and bars to reopen, citing in his veto message that government officials need the ability to swiftly act in response to an outbreak. Other reopen bills moving through the legislature include: one to reopen bowling alleys, skating rinks, and baseball stadiums; one to reopen venues, arcades, fairs, and outdoor stadiums; and one to allow Fourth of July parades and fireworks. Phase II, spelled out in Executive Order 141, is set to expire on June 26, 2020, and Governor Cooper is expected to announce further guidance and orders the week of June 22. He has indicated that relaxing restrictions under Phase III may be coming. However, Department of Health and Human Services (DHHS) Secretary Many Cohen has stated that returning to a stay-at-home order may be necessary if cases and hospitalizations continue to increase.

The Senate approved legislation to provide assistance to businesses affected by COVID-19. The bill would establish a grant program for businesses that employs at least 90% of their workforce during the COVID-19 period, has seen at least a 10% decrease in sales, and did not participate in the federal Paycheck Protection Program, the Rapid Recovery Loan Program, or the Mainstreet Loan Program. The bill appropriates \$200 million for grants, and grants maybe be in amounts up to two months average payroll of a business plus 25%. Grants may not exceed \$500,000. The bill also creates the "COVID-19 Increased Investment in North Carolina Program" to award grants to businesses that increase their investments in North Carolina. The "COVID-19 Local Government New Infrastructure Program" is also established in the bill, and is to be used to help local governments match and receive federal funds.

The House has tentatively approved the Education & Transportation Bond Act of 2020, and is expected to take a final vote on the bill the week of June 22. The legislation would put \$3.1 billion in General Obligations bonds on the 2020 ballot for voter approval. The money would go to the following areas: \$800 million for public school capital projects, \$600 million for UNC System capital projects, \$200 million for community college capital projects, and \$1.5 billion for transportation infrastructure. The bill would place the bonds on the 2020 ballot as two separate questions, one for the \$1.6 billion in education bonds and one for the \$1.5 billion in transportation bonds. Both would require approval by a majority of the voters. Bill sponsors

claim that the bonds will allow the State to take advantage of its good credit rating and low interest rates. Bill sponsors also point out that the bonds will help boost the State's economy, which is suffering from COVID-19 fallout. The House has traditionally been in favor of bonds, while the Senate has been more skeptical. It is not yet clear what action the Senate will take on the bill.

The House adjourned on Thursday and Senate adjourned on Friday, and both will reconvene on Monday afternoon.

BILL STATUS

Senate Bill 374, Regulatory Reform Act of 2020. The original contents of Senate Bill 374 were removed and replaced with various provisions. Among other things, the bill would delay the payment deadline for certain ABC permit renewals, if the ABC permit holder has not been able to re-open due to existing COVID-19 related Executive Orders issued by the Governor. These ABC permit holders would not be required to pay the ABC permit renewal fee until 90 days after the Governor signs an Executive Order rescinding the prior orders. With this change, the bill was approved by the House Rules Committee.

Senate Bill 1082, ABC Admin. Penalties/Alcohol Consumables, was amended in the House to regulate alcohol in manufactured food products in the same manner as the type of alcohol contained in the product. The bill would define "alcohol consumable" as "any manufactured and packaged ice cream, ice pop or gelatin-based food product containing at least one-half of one percent (0.5%) alcohol by volume." The bill would modify the definitions of malt beverage, unfortified wine, fortified wine, and spirituous liquor to also include any alcohol consumable with at least 0.5% of that type of alcohol. The bill would make conforming changes statutes related to the ABC Commission's authority to set standards and adopt rules and to the pricing and distribution of revenue for spirituous liquor products. With these changes, the House Rules Committee gave the bill a favorable report.

The bill passed the House this week, was sent to the Senate, and referred to the Senate Rules Committee.

For more information about legislation described in the legislative reports, feel free to contact me at dferrell@nexsenpruet.com or (919) 573-7421. Information is also available on the General Assembly's website: www.ncleg.gov.

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