



North Carolina Spirits Association

Legislative Report
June 9, 2023

Biden's North Carolina Visit to Highlight Student Job Readiness and Military Support Initiatives

President Joe Biden and first lady Jill Biden are scheduled to visit North Carolina Friday to showcase the Biden administration's initiatives related to student preparation for well-paying jobs and support for service members. The trip aims to emphasize career-connected learning, workforce training programs, and the Investing in America agenda. The White House revealed that since 2021, businesses have committed over \$470 billion in private sector investments nationwide, including \$16 billion in North Carolina, which have contributed to job creation without requiring a four-year degree. In Fort Liberty (formerly Fort Bragg), the Bidens will address Jill Biden's efforts to assist military families, caregivers, and survivors through an event supporting Joining Forces. Joining Forces focuses on various aspects of military families' needs, such as employment and entrepreneurship opportunities for military spouses, education for their children, and the overall well-being of military families. Additionally, this trip marks President Biden's first visit to North Carolina since collaborating with House Speaker Kevin McCarthy and Rep. Patrick McHenry, a Republican from North Carolina, on a bipartisan debt ceiling bill that averted a potential economic crisis. The president's previous visits to the state include one in March, where he commenced his Investing in America tour at Wolfspeed in Durham, and another in November, when he celebrated "Friendsgiving" with service members at Marine Corps Air Station Cherry Point, together with Jill Biden.

North Carolina Nears Legalization of Sports Gambling, Including Horse Racing

North Carolina is on the verge of legalizing sports gambling after the House accepted changes made by the Senate, which includes adding horse racing to the mix and increasing the state's share of wagering revenues. The legislation has been sent to Governor Roy Cooper, who has expressed support for regulating sports wagering, stated that he is still reviewing the legislation. However, opponents of the bill are concerned about the potential increase in gambling addiction and its impact on families and low-income residents.

Under the legislation, adults with wagering accounts could bet online, while cash bets would be accepted at proposed sportsbooks near sports venues, race tracks, and certain golf tournament courses. Horse racing betting would be allowed through separate gambling operators. The tax on sports wagering would be 18% of gross revenue minus winnings, with a portion of the revenue allocated to athletics initiatives, programs at UNC system schools, and problem-gambling programs.

If the bill becomes law, it is estimated that North Carolina could generate \$71 million annually by mid-2028 from sports wagering and horse racing, after deducting expenses.

North Carolina Debates Legalizing Medical Marijuana

Lawmakers in North Carolina are once again discussing the legalization of marijuana for medical use. Senator Bill Rabon, a colon cancer survivor and sponsor of the bill, has been advocating for the state to join the majority of US states that allow medical marijuana. Critics of the bill argue that legalization would lead to more dangerous road conditions. The bill has bipartisan support in the state Senate but has faced scrutiny in the House. Some speakers at the hearing in a House committee expressed concerns about the impact of marijuana on driving performance and shared stories of accidents involving drivers impaired by marijuana. Studies on the relationship between medical marijuana policies and traffic crashes have yielded mixed results. The proposed Compassionate Care Act in North Carolina would allow the use of medical marijuana in specific situations and conditions, but opponents argue that it lacks sufficient safeguards. The bill is currently under discussion in a House committee.

North Carolina Considers Allowing Casinos in Entertainment Districts

Legislators are discussing the possibility of permitting the construction of casinos in specific areas of North Carolina as part of entertainment districts. However, there is currently no legislation filed on this subject matter – discussions are taking place between House and Senate leaders at this point on the subject. Governor Roy Cooper expressed interest in understanding the operational aspects of the potential casinos, including the management and the state's revenue share. The Governor acknowledged that neighboring states are already attracting North Carolinians to invest their money in their casinos, and he believes that North Carolina should ensure its competitiveness in this regard. Currently, casinos are only permitted on Native American-owned land, such as in Cherokee.

Farm Bill Heads to the Governor

The state House passed a controversial provision as part of the annual farm bill, which has raised concerns about the elimination of protections for wetlands and water quality. The provision would prevent state regulators from imposing wetlands regulations that are stricter than federal regulations. Critics argue that this move would essentially revoke existing regulations aimed at preventing pollution in wetlands, which could have detrimental effects on flood resilience, water quality, and wildlife habitats. Proponents of the bill claim that state agencies can still regulate wetlands but would need to seek permission from the legislature. In addition to this provision, the farm bill includes measures such as stricter penalties for drivers who spill animal waste on roads, the establishment of a new state equestrian trail, the encouragement of public schools to serve muscadine grape juice, the re-designation of the official state fruit as the muscadine grape, and a requirement for the N.C. Veterinary Medical Board to provide written notice to veterinarians prior to facility inspections. The bill passed the House with bipartisan support and the Senate approved the House changes on Thursday.

Lawmakers Navigate Compromise on North Carolina's State Budget Bill

Both the House and Senate Republicans have released and passed budget proposals, and now they must work together to reach a compromise budget. The budget conferees include six Democrats who have been swing votes in the legislative session. The state initially anticipated a \$3.25 billion surplus, but a revised revenue forecast predicts a slightly smaller surplus.

Education historically receives the largest portion of the state budget. While both the House and Senate proposed comparable amounts for education, the House budget included higher raises for teachers and state employees. Governor Roy Cooper's budget included even higher raises and more spending than the Republican proposals.

The Senate budget emphasizes school choice and expands funding for private school vouchers through the Opportunity Scholarship Program. The Senate's revised net appropriation for the program is \$636 million over the next two years. However, Cooper criticized the Senate budget, declaring it a "historic disaster" for public education.

The conference committee will also address the needs of Canton, a town affected by the unexpected closure of a paper mill. The community requires funding for critical needs and economic recovery, including a new wastewater treatment center and capital funding for Haywood Community College.

Neither the House nor Senate proposals include new state funding for the continuation of compensation grants to child care programs. Additionally, both proposals lack explicit funding for the Leandro Plan, aimed at fulfilling the state's constitutional duties on education.

Once the House and Senate conferees reach a compromise budget, it must be passed by the full General Assembly to become law. Given the Republican supermajority and the inclusion of Medicaid expansion, it is highly unlikely for the budget not to pass this year.

This Week at the General Assembly

This week primarily focused on the state budget, with some progress made on legislation. The Appropriation Sub-Chairs presented their budgets to the Big Chairs on Wednesday, who will now continue negotiations for at least another week. The budget is expected to be made public on June 26th, following a final agreement between Senator Berger and Speaker Moore. The summer adjournment is anticipated to be on July 15th. But these are tentative targets and the dates could change.

The House concluded its business on Wednesday, and most members returned home for the weekend. The Senate did not hold a session on Wednesday due to a daylong budget meeting but completed its work on Thursday. The Big Chairs convened on Thursday and will resume their discussions next week.

The House and Senate adjourned on Thursday and will reconvene on Monday June 12.

ABC Omnibus Bill

The Senate is expected to consider the ABC Omnibus bill in the Senate Commerce Committee on Tuesday.

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