



North Carolina Spirits Association

Legislative Report
February 12, 2021

Governor Roy Cooper (D-Nash) signed the first COVID-19 relief bill of 2021 on Wednesday, Senate Bill 36, which funds vaccine distribution as well as extends the deadline for parents to apply for \$335 checks. “This pandemic continues to strain communities across our state, and this investment of federal funds in critical areas will help us defeat COVID-19 and build back a stronger and more resilient North Carolina,” Cooper said in an emailed statement Wednesday. The \$335 checks are the 2020 Extra Credit Grants to offset parents’ remote learning costs for their children. They were part of a previous coronavirus relief package allocating federal funds, but there were leftover funds after more than a million parents received their checks. This allows the application deadline to be extended for parents who qualified but did not receive checks in 2020. It extends the application deadline to May 31, so the state can spend money already allocated but that North Carolina could have otherwise lost out on.

The bill also includes \$1.6 billion for schools to help them reopen safely for in-person learning. That money would be given to an elementary and secondary school emergency relief fund in the Department of Public Instruction. There is an additional \$95 million to help with vaccine distribution in the state and state funding for a program to expand broadband internet, known as the GREAT grant program, and for rental assistance. It easily passed both the state House and Senate the first week in February. Overall, the bill allocates \$2.24 billion in federal money.

The House passed a bill Thursday that would require the state’s K-12 public schools to offer in-person instruction. It would also require an option for special needs students to have in-person, daily learning. The Senate passed the bill earlier in the week, but, because the House changed it, the bill needs to be voted once more before it goes to Governor Cooper. The House passed the bill 77-44. About two hours later, the Senate decided against taking its final vote on Thursday. Instead, lawmakers from both chambers will negotiate over the weekend and come up with a new version which could be voted on Monday night. If Governor Cooper vetoes the bill, which some speculate that he will, that does not necessarily mean it ends there. Republicans have majorities, but not the supermajorities needed in each chamber for an override. However, Republicans could have the votes if enough Democrats vote with them. Both chambers’ votes on the bill to-date have included enough Democrats to override a veto.

Despite the coronavirus pandemic, North Carolina is still in decent economic shape, according to the state’s new revenue forecast. The two-year forecast expects “modest economic growth” and stability as the pandemic begins to wane, also assuming there is more federal COVID-19 relief to come soon. The last state revenue forecast, in May 2020, was relatively early in the coronavirus pandemic, and much of it mentioned uncertainty. Both the Internal Revenue Service and the state Department of Revenue extended the usual tax filing deadline of April 15 to

July 15 this past year. And, on top of that, there was uncertainty about the arrival of an economic recession and how businesses — and consumers — would react and be impacted by COVID-19 related restrictions. Instead, according to the new report, expected revenue collections are “well above” the May 2020 forecast by \$4.1 billion, which is 17.6% above projections. The revenue forecast is a joint forecast of the Office of State Budget and Management, which is part of the executive branch, and the Fiscal Research Division of the General Assembly. “We expect modest improvement throughout the upcoming biennium, with the worst economic impacts from the pandemic behind us,” the report states. It explains that this year’s anticipated revenue surplus is helped significantly by sales tax collections increasing despite the pandemic, along with the delayed tax payments. However, the picture is not entirely rosy. The report notes that “despite solid revenue growth, a small segment of the workforce will remain un- or underemployed as long as COVID-19 is prevalent.” That will impact the economy and state revenue.

The House and Senate adjourned on Thursday and will return on Monday, February 15.

BILLS OF INTEREST

House Bill 65, ABC Administrative Penalties /PED Study, would require the ABC Commission to develop a written policy to describe the actions that may be taken against a permittee for ABC law violations, which would include: (1) the “guidelines” the ABC Commission follows when determining when to take action against a permittee for a first rule violation or repeat violations; (2) when deviation from the guidelines is appropriate; (3) the justification for treating similar violations differently; and (4) the justification for dismissing a case where a violation of the rules has been alleged. The bill would require the ABC Commission to post the written policy on the ABC Commission’s website and would require the ABC Commission to provide 30 days’ advance written notice before any revision to the policy becomes effective. Finally, the bill would require the ABC Commission to post annually on its website various information relating to the number of alleged ABC law violations being reported and on the number of alleged violations being dismissed, including the grounds for dismissal. **Introduced by Representatives Hurley and Lucas and referred to the House ABC Committee.**

House Bill 73, Temporarily Waive ABC Permit Renewal Fees, would waive ABC permit renewal and registration fees due on May 1, 2021, or for the period covering May 1, 2021, through April 30, 2022, for the following permits: (1) On-premises malt beverage permit, (2) On-premises unfortified wine permit, (3) On-premises fortified wine permit, (4) Mixed beverages permit, (5) Culinary permit, (6) Mixed beverages catering permit, (7) Guest room cabinet permit, (8) Wine tasting permit, (9) Wine shop permit, (10) Malt beverage tasting permit, (11) Spirituous liquor tasting permit, (12) Antique spirituous liquor permit, and (13) Common area entertainment permit. The bill provides that any ABC permittee who has prepaid a fee that is waived under this bill may request a refund for the total amount of the prepaid fee. No later than 30 days from the date it receives a request authorized under this section, the ABC Commission, in collaboration with the Department of Public Safety, would refund the total amount of the prepaid fee to the ABC permittee. **Introduced by Representatives Moffitt, Lambeth, Goodwin and Winslow and referred to the House ABC Committee.**

BILL STATUS

House Bill 4, Extend ABC Permit Renewal Fee Deferral, was considered in the Senate Commerce Committee Thursday. The Committee approved the bill, which would allow bars to delay ABC permit renewal fees until three months after COVID-19 restrictions on their operations end. Bars that already paid could ask for a refund. The bill is in response to concerns from bars that have seen permits canceled because they did not have money to renew them.

Representative Tim Moffitt (R-Henderson) presented the bill to the committee. “This is a great bill,” said Senator Paul Lowe (D-Forsyth), a committee member. “It certainly helps my constituents that are bar owners.” Senator Michael Garrett (D-Guilford), said he has heard from restaurant owners who need a similar reprieve because they are operating at a reduced capacity. Senator Garrett wants lawmakers to consider reducing fees by 50% for restaurants to match the executive order. Representative Moffitt told the committee that he has a separate bill to address that issue: House Bill 73, filed Thursday (see bill summary above). House Bill 4 is scheduled to be considered in the Senate Rules Committee on Monday afternoon.

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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