



# North Carolina Spirits Association

Legislative Report  
July 12, 2019

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Lawmakers continued to move legislation this week, however the House has yet to attempt to override Governor Cooper's veto of the State budget bill. House Speaker Tim Moore (R-Cleveland) said that they are waiting until the time is right, and wants everyone to have time to consider their position before voting on the override. House Republicans are trying to convince a handful of Democrats to break ranks and vote with them on the override, and cite increased funding in specific legislators' districts as reasons for them to support the override. The House has not given a date for when the override vote will take place.

The Senate stayed in town until Tuesday, while they waited for the House to attempt to override the budget veto. Senate leadership announced that they will return to Raleigh next week for session on Monday and Tuesday, and then will return the following Monday and Tuesday, with plans to leave town after. The Senate has also indicated that they could go home for the year with only passing a few spending provisions and leaving last year's budget in place.

The House passed a stopgap funding bill this week to fill in a few areas in the state budget while the legislature figures out its next step in light of the budget veto. Since a new budget has not been enacted by the July first deadline, last year's budget remains in place with recurring dollars continuing, however, no non-recurring money can be spent. House Bill 111 appropriates money for school enrolment, higher education tuition, NC FAST, behavioral health, and disaster relief. Legislators are pushing the bill to make sure that federal matching dollars are not jeopardized, and projects that are underway are not halted. The bill passed the House unanimously and Senate leadership has indicated their support for a stopgap bill.

Healthcare leaders in the House advanced their version of Medicaid expansion this week with the NC Health Care for Working Families Act. The bill seeks to provide healthcare insurance to nearly 300,000 of the 1,083,000 uninsured citizens in the State. To be eligible for coverage under the bill, individuals must be between 19 and 64 years old, have an income that does not exceed 133% of the federal poverty level, and be ineligible for Medicare or Medicaid. Program enrollees will be required to pay 2% of their income in the form of a monthly premium, as well as participate in wellness and preventative care activities. The program is funded with federal dollars, gross premiums tax revenue, and additional hospital assessments. The bill is meant to be a compromise on the traditional Medicaid expansion plan that Governor Cooper and legislative Democrats have been pushing. The bill passed through the committee process quickly, but was then pulled from the floor calendar. Speaker Moore indicated that the bill will only receive a floor vote once they receive a commitment from Democrats to vote to override Governor Cooper's budget veto. This drew criticism as some saw this as holding the bill hostage. Governor Cooper was quick to point out that the bill only passing the House does not mean that Medicaid expansion happens. Senate leadership has already indicated that they will not pass the bill if it makes it out of the House.

The House Finance Committee heard the 2019 NC Farm Act this week, but, due to the bill's controversial hemp section, the committee adjourned without taking a vote. Federal law changes last year have opened the door for states to legalize hemp production and hemp derived products. Senator Brent Jackson (R-Duplin), the bill sponsor, is advocating for allowing smokable hemp products. However, Representative Jimmy Dixon (R-Wayne), the House agriculture leader, firmly opposes allowing smokable hemp, while supporting its other uses. Advocates for smokable hemp say that it is a vital revenue stream for hemp growers and that farmers will struggle to make the industry profitable without it. Opponents of smokable hemp are concerned it will lead to the de facto legalization of marijuana since it will be difficult if not impossible to enforce the state's marijuana laws. Prosecutors and law enforcement groups worry that since hemp looks and smells similar to marijuana, it will prevent them from having probable cause when enforcing other laws. They claim that the smell of marijuana is a common way to obtain probable cause, and this bill will take that away. The House Finance Committee had been expected to take a vote on the bill, but after a heated exchange of words between members, Committee Chairman John Szoka (R-Cumberland) chose to adjourn the meeting. While the Farm Act largely deals with hemp regulations, it also includes provisions relating to a wide variety of issues, ranging from utility easements, animal waste odor rules, sweet potato promotion, present use tax valuation, swine permits, and public records disclosure of certain farm records.

The House adjourned Thursday and the Senate adjourned Wednesday, and both will reconvene next Monday.

## **BILL STATUS**

**Senate Bill 290, ABC Regulatory Reform Bill.** This week the House approved House Bill 536, the ABC Omnibus bill and sent it to the Senate for consideration. Since the legislative session is drawing to a close, the sponsors decided to add the provisions of House Bill 536 to Senate Bill 290, Distillers Regulatory Reform Bill. Senate Bill 290 was considered and approved in the House Rules Committee on Thursday, then added to Thursday's House calendar for consideration.

An amendment was adopted on the House floor regarding a provision that would allow customers to order two drinks during a single trip to the bar. The change stems from concerns that customers could not go to the bar to buy drinks for their table, and current law means that each person has to make a separate trip to the bar for each drink. Representative Darren Jackson (D-Wake) voiced concerns about the change, noting that bartenders are instructed on how to spot intoxicated customers and refuse service to people who have drunk too much. His amendment would keep the one-drink rule for liquor and cocktails, but allow two drinks when both are beer or wine. "I'm not really worried about the casual drinker who's getting a beer for his wife and himself," Jackson said. "I don't want you to be able to go up to the bar and order two double-shots." Jackson's amendment passed by a narrow margin: 58-56.

Representative Pat Hurley (R-Randolph) ran an amendment to delete the provision that would allow bingo parlors to serve alcohol during games. She said that bingo players often bring children along to games, and adding alcohol would make the events less family-friendly. But Representative Jamie Boles (R-Moore), a co-sponsor of the original bill, opposed the amendment, noting that each business owner would get to decide whether or not to serve alcohol.

Hurley's amendment failed in a 54-58 vote in which both sides of the issue had an almost even number of votes from each political party.

Lawmakers also rejected another Hurley amendment that would have deleted the provision requiring towns that want to add new ABC stores to merge with a neighboring ABC board. She argued that the change would reduce local control -- pointing to an example in her district. If the town of Trinity wanted to open an ABC store, she said, it would have to partner with a neighboring town that would then have a say in governing decisions and revenue allocations. Boles said the current rules allow neighboring towns to run competing ABC stores, increasing alcohol consumption. A 46-67 vote defeated that amendment.

After the amendments were addressed, Senate Bill 290 was approved by a vote of 86-28 in the House. The bill now goes back to the Senate for a concurrence vote on the House changes to the bill.

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

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