



North Carolina Spirits Association

Legislative Report
October 11, 2019

Since the legislature will not be holding voting session next week, we will not send a legislative report on October 19, but will resume our legislative reports on October 26.

Legislators returned to Raleigh for what ended up being a slow week. Both chambers continued to advance stand-alone budget bills that contained spending provisions, including money for Raise the Age, the Community College System, and the Department of Transportation (DOT). The DOT funding bill addressed budget issues contained in the vetoed budget, but did not include funding to assist with the Department's budget shortfall that is currently threatening hundreds of road projects and thousands of jobs.

In a press conference last week, Senate President Pro Tem Phil Berger announced the Senate's plan for the next month. Senator Berger said that the Senate will adjourn by October 31, regardless of any bills left unfinished. He indicated that they may adjourn sooner if a budget becomes law. Senator Berger was hopeful that he would have some Democrats vote to override Governor Cooper's budget veto, but stated that a compromise budget with broad support is the preferred option. Senator Berger announced that the Senate could wait to take up the veto override vote after the candidate filing period in mid-December, which would allow members to vote for the override without fear of a primary challenger as retaliation. The House has not indicated if they will adjourn on the same date.

The Senate passed House Bill 399 this week, which extends several tax credits and makes various finance law changes. The bill extends the sunset for the Historic Rehabilitation Tax Credit, extends the sales tax exemption for the professional motorsports racing teams (NASCAR), and extends the aviation gasoline and jet fuel sales tax exemption. The bill expands the Mill Rehabilitation Tax Credit to include railroad stations. The bill also contains provisions allowing for income tax deductions for specific IRA distributions and money received as part of a JDIG, JMAC, or OneNC grant. The bill extends the tax on dry cleaning solvent and transfers the revenue from the tax to the Dry Cleaning Solvent Cleanup Fund. The bill also contains a \$17 million appropriation for the Department of Revenue to perform various maintenance and tax fraud functions. The Fiscal Research Division of the General Assembly estimated that the bill would cost the State around \$21 million in revenue in the first year of enactment, with similar costs in the years following.

The Federal Emergency Management Agency (FEMA) denied Governor Cooper's request for aid related to damage from Hurricane Dorian. FEMA claims that Dorian's damage was too localized and does not meet their threshold for a federal disaster. State lawmakers have pledged to assist and step up, given the rejection from the federal government. Representative Hanig, whose district took the brunt of the damage, has criticized FEMA's decision and calls the agency's methods "antiquated". The House passed Senate Bill 312 this week, which ensures that teachers

and school workers who missed work during the hurricane and recovery period will still be paid. The bill is now in the Senate.

The General Assembly passed House Bill 1001 this week, which is known as the Raise the Age bill, and the legislation is now on Governor Cooper's desk. Raise the Age is a 2017 law that raises the age for individuals to be tried as juveniles to include 16 and 17 year olds. The bill increases the number of assistant district attorneys and adjusts the number of district court judges. The bill also appropriates funds to the Administrative Office of the Courts (AOC), the Office of Indigent Defense Services (IDS), and the Department of Public Safety (DPS) to deal with the extra administrative costs associated with the 2017 law.

The House wrapped up its business on Wednesday and the Senate finished its schedule on Thursday. Both chambers have announced that no votes will be taken next week, and they will resume their work on October 21.

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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