



Spirits Association

Legislative Report
March 14, 2025

Helene Recovery Funding

Gov. Josh Stein called on the General Assembly to pass the latest \$535 million Helene recovery package, stating he is "ready to sign it." The House and Senate have yet to reach an agreement, with key differences over homebuilding assistance and infrastructure funding. Federal Agriculture Secretary Brooke Rollins confirmed that additional federal aid will begin distribution later this month, addressing agricultural losses, debris removal, and infrastructure repair.

DEI Ban in Public Education

The Senate passed a bill eliminating diversity, equity, and inclusion (DEI) programs in public schools. Supporters argue the bill prevents ideological conformity, while opponents claim it censors historical facts and limits inclusivity. A similar bill targeting DEI in state agencies is also advancing, with potential criminal penalties for noncompliance.

Sports Betting Revenue

In its first year of legalization, North Carolina bettors placed over \$6.1 billion in wagers, generating \$128 million in tax revenue. The state's share funds UNC System athletics, local event sponsorships, and the general fund. February saw a dip in wagers, but lawmakers are considering allowing loss deductions for tax filers to encourage continued participation.

Flood Resiliency Blueprint Launch

North Carolina will launch a new statewide flood planning tool in April to improve predictive modeling and disaster preparedness. Lawmakers expressed concerns that past floodplain maps failed to capture risks, with 68% of recent flood damages occurring outside designated high-risk zones. The initiative aims to prioritize infrastructure improvements and reduce long-term disaster costs.

Environmental Policy and PFAS Monitoring

A proposed rule requiring industries to monitor and minimize PFAS discharges has sparked debate. Supporters say it enhances pollution control, while critics argue it provides liability protections for polluters without enforceable reduction targets. The Environmental Management Commission will continue deliberations.

Emissions Target Rollback

Senate Bill 261, which removes the 2030 interim greenhouse gas reduction target, passed the Senate and moves to the House for consideration. Proponents argue it reduces costs and energy burdens, while opponents claim it weakens the state's commitment to carbon neutrality by 2050.

The Legislature adjourned on Thursday and will reconvene on Monday, March 17.

BILLS OF INTEREST

H 344 – Litter Reduction Act of 2025- NC Spirits Association, Great Trails State Coalition, Mecklenburg County, Pender, Wilmington Urban Area MPO

House Bill 344, Litter Reduction Act of 2025, aims to reduce littering and promote recycling in North Carolina by establishing a deposit and refund system for beverage containers. Under this bill, consumers will pay a deposit when purchasing beverages in containers, which can be refunded when they return the empty containers to designated redemption centers or retailers. The bill mandates that beverage containers be clearly labeled with their refund value and a universal product code (UPC) for tracking. Distributors, retailers, and redemption centers will play a key role in managing the deposit system, with specific reporting and compliance requirements set by the Department of Environmental Quality.

To further encourage recycling, the bill sets ambitious redemption and recycling targets, requiring that at least 80% of beverage containers sold in the state be redeemed by 2027, increasing to 95% by 2031. Single-use containers must also meet specific recycling thresholds, with a goal of 85% by 2031. Additionally, distributors are required to ensure that a percentage of beverage containers are returned and refilled, reaching 20% by 2031. Funds collected from unredeemed deposits will be managed by the state and used for recycling incentives, public education on litter reduction, and grants for litter abatement efforts, particularly in rural and environmental justice communities.

The bill also introduces penalties for non-compliance, such as selling unlabeled containers or underreporting deposit collections. Businesses involved in beverage sales must register their containers, maintain transaction records, and meet performance standards to avoid financial penalties. The act becomes effective on January 1, 2026, with certain provisions, including labeling and reporting requirements, going into effect on April 1, 2026.

Introduced by Reps. K. Brown (D); von Haefen (D); Hawkins (D); Harrison (D) and referred to the Senate Agriculture and Environment Committee.

House Bill 385, Competition Parity Act, seeks to repeal Section 2 of Session Law 2024-31. Section 2 of S.L. 2024-31 amended G.S. 14-313, the statute governing youth access to tobacco products, to include alternative nicotine products and consumable products. Specifically, it added definitions for terms such as "alternative nicotine product," "consumable product," and "timely filed premarket tobacco product application." The amendment expanded the definition of "tobacco product" to encompass these new categories, effectively broadening the scope of products regulated under youth access laws. By repealing this section, H.B. 385 aims to remove these additions and revert the statute to its previous state, thereby excluding alternative nicotine products and consumable products from the regulations pertaining to youth access to tobacco products.

Introduced by Rep. Bell (R) and referred to the House Rules Committee.

House Bill 405, Reestablish NC Coordinate System of 1983, repeals a provision from Session Law 2023-92 that had modified or replaced the North Carolina Coordinate System of 1983 (NCCS 1983). This bill effectively reinstates the NCCS 1983 as the official coordinate system used for mapping and land surveying in the state. The act takes effect immediately upon becoming law.

Introduced by Rep. Pless (R) and is awaiting committee referral.

Senate Bill 265, Protecting Our Community Act, introduces regulations for the sale, distribution, and use of hemp-derived consumable products in North Carolina.

Key Provisions:

1. Regulation of Hemp-Derived Consumable Products:
 - a. Establishes licensing requirements for manufacturers, distributors, and sellers of hemp-derived consumable products.
 - b. Prohibits the sale of these products to individuals under 21.
 - c. Requires independent testing for THC concentration and safety standards.
 - d. Imposes packaging and labeling requirements, including child-resistant packaging and health warnings.
 - e. Restricts certain product shapes (e.g., animals, cartoon characters) and advertising appealing to children.
 - f. Sets serving limits for THC-related cannabinoids in edible and inhalable products.
2. Enforcement & Penalties:
 - a. Violations carry civil penalties ranging from \$500 to \$8,000, with repeat offenses leading to license suspension or revocation.
 - b. Criminal penalties apply for repeat offenses, including misdemeanors and felonies for selling non-compliant products or violating age restrictions.
 - c. Authorizes the Alcohol Law Enforcement (ALE) Division to enforce regulations, conduct inspections, and seize non-compliant products.
3. Prohibition on School Grounds:
 - a. Bans hemp-derived consumable products in schools, school buses, and school-sponsored events.
 - b. Requires public school units to adopt policies prohibiting these products.
4. Implementation Timeline:
 - a. School prohibitions take effect with the 2026-2027 school year.
 - b. Licensing and sales regulations take effect on July 1, 2026.
 - c. Criminal penalties for violations take effect on December 1, 2025.

Introduced by Sens. Johnson (R); Britt (R); Lazzara (R) and referred to the Senate Rules Committee.

BILL STATUS UPDATES

House Bill 198, Amend Law on Notice of ABC Violation, was reported favorable in the House Judiciary 1 Committee and was referred to the House Rules Committee.

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

Prepared By: David P. Ferrell, Clark Riemer and Chase Horton – Spirits Association Lobbyists
MAYNARD NEXSEN PC
4141 Parklake Ave, Suite 200
Raleigh, North Carolina 27612
Telephone: (919) 573-7421
dferrell@maynardnexsen.com
www.maynardnexsen.com