



# North Carolina Spirits Association

Legislative Report  
March 19, 2021

---

Lawmakers returned for a relatively light week in Raleigh, with the House only holding votes on Wednesday and the Senate leaving early Thursday due to expected severe storms across much of the state.

Finance Chairs in both houses introduced the 2021 Revenue Laws bill. This bill, which historically contains the main tax changes for the year, dictates what areas of the federal tax code North Carolina will adopt. One issue that will be closely watched is how North Carolina will treat federal Paycheck Protection Program (PPP) loans which helped struggling businesses during the COVID-19 pandemic. Currently, North Carolina allows companies to exempt forgiven PPP loans from income for tax purposes, but businesses cannot deduct business expenses paid for by PPP loans. Several bills have been introduced to address this issue, so this will be an issue to watch closely.

Due to ongoing COVID-19 concerns, the North Carolina Department of Revenue (NCDOR) has moved the state tax filing deadline for individual income tax from April 15 to May 17. This shift mirrors the action the Internal Revenue Service took earlier, shifting the federal tax deadline. While NCDOR can move the tax filing deadline and waive penalties, only the legislature can waive interest payments. The General Assembly passed a provision extending interest payments for 2019 tax filings last year and has indicated its intention to pass another extension for 2020 filings.

This week, individuals in Group 4 became eligible to receive a COVID-19 vaccine. Group 4 includes all adults (16-64) who have an underlying health condition that puts them at risk of COVID-19 complications. Group 4 was initially slated to become eligible on March 24, but last week Governor Cooper moved their eligibility up to March 17 due to increasing vaccine supply.

Thursday March 11 was the deadline for proposed legislation to be submitted by senators to the Bill Drafting Division of the General Assembly, and the deadline for senators to file legislative bills is Tuesday April 6. The deadlines for House members to submit their proposed legislation to the Bill Drafting Division and to file the legislative bills in the House are set for March 24 and April 20, respectively. These deadlines will allow some additional time for advocates to request that House members introduce legislation. Deadlines for submitting requests to the Bill Drafting Division and for introducing legislation keep the General Assembly on schedule for a timely adjournment.

Last week, House leadership unveiled a bill to limit the Governor's executive authority when responding to emergencies. The bill amends the Emergency Management Act to require the Governor to receive Council of State approval for statewide emergency orders. The bill defines statewide orders as those affecting more than two-thirds of the state's counties. Under the bill, the Governor would be allowed to issue emergency orders for the entire State but would be

required to receive a majority vote of the Council of State within seven days. The Council of State would then need to re-approve those orders every 30 days. The current Council of State is currently made up of four Democrats and six Republicans. Lawmakers have previously passed legislation to limit the Governor's authority in responding to emergencies, but they have all been vetoed. The bill has not yet been heard in committee.

The House and Senate adjourned on Thursday and will reconvene on Monday March 22.

## **BILLS OF INTEREST**

**House Bill 279, 2021 Revenue Laws Changes**, would make various technical, administrative, and clarifying changes to the state's revenue laws. The bill would amend the excise tax laws to allow a brewery or winery to be relieved of paying the excise tax levied under G.S. 105-113.80(a) and (b) if all of the following apply: (1) The brewery or winery holds a permit issued under G.S. 18B-1101, 18B-1102, or 18B-1104. (2) The brewery or winery transfers malt beverages or wine to a wholesaler permitted under G.S. 18B-1107 or G.S. 18B-1109. (3) The wholesaler agrees in writing to be responsible for the tax due on the transferred malt beverages or wine. (4) The brewery or winery files a report when the tax would otherwise be due reporting the transfer of malt beverages or wine to the wholesaler. The bill would require a wine shipper permittee to pay the excise tax levied under G.S. 105-113.80(b) on wine shipped directly to consumers in this State pursuant to G.S. 18B-1001.1, would require a wine shipper permittee to submit verified reports once a year on forms provided by the Secretary detailing sales records for the year taxes are paid. **Introduced by Representatives Howard, Szoka, Bradford and Setzer and referred to the House Finance Committee.**

**House Bill 322, Limit ABC License Requirements**, would eliminate the requirement on the Town of Cary to issue local alcoholic beverage licenses. **Introduced by Representative Adcock, Dahle, von Haefen and Ball and referred to the House ABC Committee.**

**House Bill 328, Allow Trade or Exchange of Spirituous Liquor**, would allow certain trades or exchanges of lawfully purchased spirituous liquor without obtaining a permit. The bill would add a new subsection to G.S. 18B-103, "Exemptions" as follows:

"All of the following activities shall be permitted:

...

(12) The trade or exchange of lawfully purchased spirituous liquor if all of the following requirements are met:

- a. The transaction only involves the trade or exchange of lawfully purchased spirituous liquor for other lawfully purchased spirituous liquor.
- b. The trade or exchange is only between individuals, for personal use only, and not for resale.
- c. The spirituous liquor to be traded or exchanged is or has been approved by the Commission for sale in this State and is not unfit for human consumption."

**Introduced by Representatives Moffitt, Bradford, Dahle and Hardister and referred to the House Judiciary 1 Committee.**

**Senate Bill 322, 2021 Revenue Laws Changes**, is identical to House Bill 279 discussed above.  
**Introduced by Senator Newton, Rabon and Daniel.**

---

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).

***Prepared By: David P. Ferrell, Esq. - NCSA Lobbyist***  
***NEXSEN PRUET PLLC***  
***150 Fayetteville Street, Suite 1140***  
***Raleigh, North Carolina 27601***  
***Telephone: (919) 573-7421***  
***[dferrell@nexsenpruet.com](mailto:dferrell@nexsenpruet.com)***