



# North Carolina Spirits Association

Legislative Report  
June 25, 2021

---

The budget has been in the spotlight this week at the General Assembly. As expected, the Senate released their proposed budget early this week after working on the budget this spring. The Senate budget bill would spend \$25.7 billion in 2021-22 and \$26.6 billion in 2022-23, and consists of 427 printed pages of special provisions and 656 pages of state appropriations. As is customary of the State budget, there are budget provisions this year for spending in areas such as justice and public safety, education, transportation, health and human services, agricultural, natural and economic resources, as well as others.

The state budget bill would give an average of 3% raises to teachers and most other state employees over the next two years. It would also provide \$5.4 billion in federal American Rescue Plan Act funds for coronavirus relief. The budget's tax cuts include cutting the personal income tax rate to 3.99% by 2026, down from 5.25%, and phasing out the corporate income tax rate to zero. Also, the tax bracket for paying zero taxes, called the standard deduction, would be raised to \$25,500. The child tax deduction would increase to \$500.

Tuesday morning, the budget was considered in the Senate Appropriations/Base Budget Committee. This Committee is made up of half of the Senators. During this meeting, Committee members heard from budget Committee chairs about details of appropriations in the budget and the chairs answered questions from members before the bill was given a favorable report and sent to the Finance Committee. The Finance Committee also gave the budget a favorable report on Wednesday.

The Senate debated the budget, adopted several amendments to the original bill, and voted to approve the state budget on its second reading Thursday afternoon by a vote of 32 to 18. The bill then received a final affirmative vote on Friday and has been sent to the House for consideration.

While the budget process moved at what appeared to be lighting speed this week, there is no guarantee that the coming weeks will see the same movement. The House expects to take 4-5 weeks to prepare their version of the budget bill. Then the House and Senate will work to jointly agree on a final version to send to the Governor, who may sign it into law or may veto it.

A bipartisan effort to legalize marijuana for medical use in North Carolina got a legislative committee hearing on Wednesday. Senators who unveiled the legislation told colleagues the measure takes health and safety seriously while offering palliative care for those with painful or life-threatening illnesses such as cancer. The legislation would create a new regulatory system in which patients are declared in writing by a physician to have one of several "debilitating medical conditions" to obtain an ID card to purchase or possess marijuana and

cannabis-infused products. The patients' caregivers also could be registered. The health conditions would include cancer, epilepsy, HIV/AIDS, Crohn's disease, post-traumatic stress disorder and multiple sclerosis, including for those suffering nausea related to hospice care. Doctors would declare in writing that the potential health benefits of cannabis use for a patient outweigh the risks. Recreational use of pot would remain illegal. No vote was taken on the bill this week.

The House and Senate adjourned on Thursday and will reconvene on Monday June 28.

## **BILL STATUS**

**House Bill 619, Alcohol Bev. Manufacture Sales Tax Exemption**, received a favorable report from the House Finance Committee on Thursday. House Bill 619 would exempt from sales and use tax sales of machinery, parts, accessories, supplies, and ingredients to certain ABC permittees for use in the manufacturing of beer, wine, and spiritous liquor for which the purchaser would otherwise be ineligible because the purchaser is primarily engaged in the restaurant business.

---

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)***