



# North Carolina Spirits Association

Legislative Report  
May 28, 2021

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It was a fairly quiet week at the General Assembly, with only a handful of committee meetings and floor votes. The focus was in the Senate, and the consideration of their tax plan. The Senate amended House Bill 344, the House's bill to address the PPP loan/tax deduction for expenses issues, and the new title is "JOBS Grants and Tax Relief." Rather than an immediate decrease in the corporate tax rate, the version of House Bill 334 unveiled Tuesday would wait until 2024 to lower the rate from 2.5% to 2%, with additional 0.5% decreases each year until it's completely phased out in 2028. Once fully phased out, the change would reduce state revenue by about \$500 million per year. House Bill 334 would drop two of the three factors that determine how much franchise tax a business owes. A company's real estate and equipment holdings in North Carolina would no longer be part of the calculation; it would instead be calculated based on the amount of income a company received from North Carolina.

The bill also has tax changes for specific industries:

- It would extend a tax credit for renovating old mill properties that's currently scheduled to expire in 2023.
- Tax short-term vehicle rentals through "car sharing" platforms like Turo at the local sales tax rate.
- Limit the amount of gross premiums tax that bail bonds companies must pay
- Exempt vaccines held by private medical facilities from being considered part of the facilities' taxable property
- Taxes on cigar sales would cap at 30 cents per cigar

Speaker of the House Tim Moore (R-Cleveland) announced on Wednesday that there would be no votes in the House on Thursday, Monday or Tuesday of next week. House committees are scheduled to meet on Wednesday; and House budget committees are scheduled to hold meetings on Thursday. This appears to be in response to the Senate not yet sending the House a state budget to review. Given that House and Senate leadership have not come together on a spending target, the House is moving forward, at least publically. The Senate has announced that there might not be one big state budget, but they might want to proceed with mini budgets. The gamesmanship should continue into next week. Hopefully they will come together on a spending target and move the budget forward.

The House and Senate adjourned on Thursday and the Senate will reconvene on Tuesday June 1 and the House will reconvene on Wednesday June 2.

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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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