



# North Carolina Spirits Association

Legislative Report  
May 14, 2021

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The legislature's long-awaited crossover deadline has come and gone. The dash to move bills out of their chamber of origin was relatively calm compared to previous years, but crossover week still saw lengthy committee and floor calendars. Legislative leadership made an intentional effort in prior weeks to consider multiple bills to take some of the pressure off of this week.

Several controversial bills did not receive consideration this week, including legislation on topics like lifetime concealed handgun permits and whistleblower protections. These bills, along with many others which were not passed will not be eligible for consideration for the remainder of the biennium. However, bills dealing with budget or finance issues are exempt from the crossover deadline. To date, the House of Representatives has filed 969 bills and passed 336. By comparison, the Senate has filed 721 bills and passed 156.

The final bill filing deadline in the House of Representatives was Thursday, and legislators introduced multiple bills focused on budget and finance priorities. Many of these bills contain appropriations for individual projects and will likely need to be included in the budget to be considered. One issue which did not receive significant action this week was the ongoing budget debate. House and Senate leaders have still not agreed to spending limits, placing the prospects of a final budget proposal being enacted before the end of the fiscal year (June 30) in jeopardy. We expect to learn more about the budget process next week.

On Monday, Governor Roy Cooper issued Executive Order 213, declaring a state of emergency in response to the ransomware attack that shut down the Colonial Pipeline. The Colonial Pipeline is the primary fuel source for central and eastern North Carolina, and its temporary shutdown led to gas shortages across the State. Executive Order 213 waives hour, weight and size restrictions for motor transports carrying fuel or disaster aid supplies. Governor Cooper also urged drivers not to fill up unless necessary in an effort to ration fuel supplies. Unfortunately, many did not heed his advice, leading to long lines at gas stations. On Wednesday afternoon, Colonial Pipeline officials announced that operations had resumed, but officials do not expect fuel supplies to return to normal until early next week.

This week, the House approved a bill focusing on ransomware attacks, a timely topic given the recent ransomware attack on the Colonial Pipeline. The bill prohibits state agencies and local governments from paying the ransom if their systems are targeted. As stated by the bill's sponsors, the legislation's goal is to deter cyber terrorists from selecting these targets since they would be prohibited from paying the ransom. The bill also creates reporting requirements so state officials can track how often governmental entities are targeted. Further, the bill requires that the Department of Information Technology and the Department of Public Safety coordinate responses to cybersecurity breaches. The bill passed the House unanimously and was sent to the Senate.

The House and Senate adjourned on Thursday and will reconvene on Monday May 17.

## BILLS OF INTEREST

**House Bill 904, Allow Sale of Low Alcohol Beverage Coolers**, would authorize the sale of low alcohol beverage coolers, otherwise known as ready-to-drink cocktails, at certain retail establishments in North Carolina. The bill would define a “low alcohol beverage cooler” as “A drink containing at least one-half of one percent (0.5%), and no more than nine and one-half percent (9.5%), alcohol by volume, and consisting of spirituous liquor mixed with any or all of the following: nonalcoholic beverages, flavoring, or coloring. A low alcohol beverage cooler may contain water, fruit juices, fruit adjuncts, sugar, carbon dioxide, preservatives, and other similar products manufactured by fermenting fruit or fruit juices. The bill would exclude low alcohol beverage coolers from the definitions of “mixed beverage” and “spirituous liquor.” These definitional exclusions essentially would allow low alcohol beverage coolers to be sold outside the ABC stores – in retail establishments.

The bill would allow low alcohol beverage coolers to be sold only in packages of four to 12 single-serve containers with each container no more than 16 ounces in size. The bill provides that low alcohol beverage coolers shall be treated as fortified wine for purposes of this section.

**Introduced by Representatives Saine, Hanig and Turner and referred to the House Rules Committee.**

## BILL STATUS

**House Bill 211, Reopen Bars and Restaurants**, was approved by the House Rules Committee on Monday, approved by the full House on Tuesday, was sent to the Senate, and referred to the Senate Rules Committee.

**House Bill 669, Distribute Alcohol Without Discrimination**, was re-referred back to the House ABC Committee for further consideration.

**House Bill 768, Legislative Research Commission ABC Law Study**, was approved by the House Rules Committee on Tuesday, approved by the full House on Tuesday, was sent to the Senate, and referred to the Senate Rules Committee.

**House Bill 781, Bring Business Back to Downtown**, was referred to the Senate Rules Committee.

**House Bill 890, ABC Omnibus Legislation**, passed the House Rules Committee, passed the full House by a vote of 100 to 10, was sent to the Senate, and was referred to the Senate Rules Committee. This bill contains, among other things, the following NC Spirits Association requested provisions:

-Authorizes ABC stores to accept online orders and payments for alcoholic beverages sold in its store so long as the person picking up the order is 21. The bill would limit liability under GS 18B-302(a)(2) to when the person knew the purchaser was less than 21 years old at the time the online order was placed. Effective July 1, 2021.

-Amends GS 18B-800(c1) to allow special order bottles to be affixed with personalized labeling, including the name of the purchaser on the label, that includes any other labeling requirements set by law. Effective July 1, 2021.

-Amends the tasting permit provisions to provide that a tasting permit issued to a ... will be issued in the name of the business listed on the permit application, not an individual (as current law requires). Effective July 1, 2021.

**Senate Bill 453, Modernize ABC Controls**, was amended in the Senate Commerce Committee on Tuesday to do the following:

Authorizes ABC stores to accept online orders and payments for alcoholic beverages sold in its store so long as the person picking up the order is 21. The bill would limit liability under GS 18B-302(a)(2) to when the person knew the purchaser was less than 21 years old at the time the online order was placed. Effective July 1, 2021. **This provision was requested by the NC Spirits Association.**

Amends GS 18B-800(c1) to allow special order bottles to be affixed with personalized labeling, including the name of the purchaser on the label, that includes any other labeling requirements set by law. Effective July 1, 2021. **This provision was requested by the NC Spirits Association.**

Amends the tasting permit provisions to provide that a tasting permit issued to a ... will be issued in the name of the business listed on the permit application, not an individual (as current law requires). Effective July 1, 2021. **This provision was requested by the NC Spirits Association.**

Allows mixed beverage and mixed beverage catering permits to be issued, without approval at an election, to qualified eating, hotel, and restaurant establishments if all the following requirements are met:

- The establishment is located in a county that has more than two man-made lakes.
- The establishment is located in a county that has approved the sale of malt beverages and unfortified wine, but not mixed beverages.
- The establishment is open to the public and includes on its premises a hotel with accommodations for 20 or more overnight guests, agritourism activities, and firearm sports.

After some discussion and debate, mostly regarding the section allowing mixed beverage catering permits to be issued without an election, the Senate Commerce Committee approved the bill. The bill was also approved by the Senate Rules Committee on Wednesday. Ultimately the bill was not considered by the Senate on Thursday, but the provisions of the bill could be added to House Bill 890 or another House bill on ABC issues that has passed the House and is in the Senate.

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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