



North Carolina Spirits Association

Legislative Report
June 24 2022

This was an eventful week at the legislature. The week began with the expectation that the House and Senate leadership would begin to negotiate their differences in the State Budget bill. Although some meetings and negotiations occurred, by the end of the week a budget agreement had not yet been reached. The Medicaid expansion issue took center stage this week, and impacted the budget negotiations. The Senate would like to include Medicaid expansion in the State Budget bill. The House prefers to study the issue further and vote on Medicaid expansion in a separate bill in December 2022. The House and Senate disagreement on this issue will most likely need to be resolved before a budget agreement can be reached.

Another high profile issue was considered in the House this week – online sports betting. Early in the week, House committees approved two companion bills that would allow online sports betting in North Carolina. Senate Bill 688 is the primary online sports betting legislation that passed the Senate in 2021. The original contents of Senate Bill 38 were replaced in a House committee with legislation that would raise the fees and tax rates proposed in Senate Bill 688 to be paid by sports wagering operators, as well as re-routing some of the money raised by the State to gambling hotlines and youth sports. The bills are viewed as a package deal.

On Wednesday, the two online sports betting bills were considered by the full House. Senate Bill 38 was approved on its second reading by a vote of 51-50, but not before lawmakers stripped all college sports betting from the legislation. Meanwhile, the underlying bill, Senate Bill 688, was voted down by a 50-51 margin, leaving the prospects of sports wagering in the state in question. An attempt to reconsider the failed vote on Senate Bill 688 also failed. Sponsors of the online sports betting legislation say the bills are not “totally dead” and they are still working on a path forward. It will be interesting to see if a solution is reached before the end of session.

On Thursday Speaker Moore announced that it is his intention to end the 2022 “short” legislative session on or before Friday July 1, with or without a state budget bill. So next week should be a busy week as the legislature attempts to wind down its business for the session and continue to negotiate and possibly vote on a state budget bill.

The House and Senate adjourned on Thursday and will reconvene on Monday, June 27, 2022.

BILL STATUS

House Bill 211, Social District/Common Area Clarifications. The original contents of this bill were replaced Thursday in the Senate Commerce Committee with provisions to make various clarifying changes to North Carolina social districts and common area laws, to make them more uniform and clarify the areas that can be included under a common area entertainment permit or a social district. The bill was approved by the Senate Commerce Committee and referred to the Senate Rules Committee.

House Bill 768, 2022 ABC Omnibus. The original contents of this bill were replaced Thursday in the Senate Commerce Committee with provisions to make various changes to the ABC laws,

- repeal the limited winery permit.
- establish a new packaging and logistics permit for packagers who label and package alcoholic beverages from suppliers.
- repeal the purchase-transportation permit and the commercial transportation permit.
- allow a transition period for ABC permits after a change in ownership of a permitted establishment.
- allow alcohol sales at professional sporting events occurring at a stadium on the campus of certain community colleges.
- amend the definition of "private bar" to eliminate the membership requirement.
- allow a distillery to obtain mixed beverages catering permits and provide spirituous liquor for an event being catered by a hotel or restaurant.
- allow a distillery to obtain a mixed beverages permit and sell mixed beverages containing the spirituous liquor owned by the distillery, regardless of the results of any local mixed beverages election.

The bill was approved by the Senate Commerce Committee and referred to the Senate Rules Committee.

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

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