



North Carolina Spirits Association

Legislative Report
August 20, 2021

Budget negotiations between the House and Senate began this week. Senate leader Phil Berger outlined the process on Tuesday, and said budget writers from the two chambers want to reach a tentative compromise before engaging with Governor Cooper. Then they want the Governor to weigh in before the legislature takes a final vote on the spending plan. “This is a little different from the way we’ve done it in the past,” when lawmakers tried to negotiate a deal with Governor Cooper after he vetoed the budget, Berger said. “Hopefully we can give him an idea of what we’re going to agree to and let him voice his thoughts on those things, and see if there’s some accommodation that can be made to address the concerns.” Berger said he is hopeful that the House and Senate can resolve most of their differences by the end of the month. If an agreement can be reached with Governor Cooper in the following weeks, the goal is to have final floor votes on the budget around September 9.

The Senate appointed its conference committee on Tuesday, and the House appointed its conference committee on Wednesday. Senator Berger says one of the key points of contention involves how certain budget items should be funded. He pointed out that the House budget opted to use the State Capital and Infrastructure Fund (“SCIF”) to pay for programs that the Senate budget funded from other sources. Because SCIF projects were not included in the total spending cap that the House and Senate previously agreed to, the House budget ultimately spends a bit more than the Senate wants.

The budget timeline will dictate when this year’s long session will finally wrap up. Senator Berger said that if a compromise budget can be enacted by mid-September, lawmakers would likely adjourn while redistricting committees conduct public hearings on proposed congressional and legislative maps. Then the legislature could vote on redistricting maps in October. But if the budget process drags on longer, there might not be a break before the redistricting session.

The House approved a package of police reforms Wednesday, including a new duty for officers to report excessive force, and new databases that law enforcement agencies would use to track problem officers. The House also amended a provision in Senate Bill 300, Criminal Justice Reform, dealing with how local police agencies handle videos recorded by police officers’ body-worn and dashboard cameras. This bill passed the House 100-2 on Wednesday, and now goes back to the Senate to consider the House changes.

Wednesday, the Senate tentatively approved sports gambling in North Carolina with a narrow 26-21 vote. Senate Bill 688, Sports Wagering, would legalize betting on sports online, via mobile device, and in person at approved facilities in the immediate area of major sporting events. The North Carolina Lottery Commission would handle regulation of the industry. The state would raise money from industry by getting 8% of the proceeds and by charging for no more than 12 state licenses for online sports betting outlets, not counting additional tribal licenses. The money would go to the state's general fund to support education. Sixteen of the twenty-one "no" votes were from Republicans, while 10 Republicans voted in favor of the bill. The bill now goes to the House for consideration.

A Senate proposal to allow a new type of health insurance plan started moving in the House this week. On Wednesday, the House Insurance Committee approved Senate Bill 228, Allow Employers to Offer EPO Benefit Plans, which would let insurers create "exclusive provider organizations," or EPOs, which are typically less expensive than other types of insurance plans because patients must use only in-network providers unless there is an emergency. The measure has backing from several business groups, including the North Carolina Chamber and the National Federation of Independent Business. Senator Chuck Edwards (R-Henderson) presented the bill in committee, and reported that 39 other states already allow for EPO plans, and they typically offer rates that are about 15% cheaper than more traditional insurance plans. Both Republicans and Democrats on the committee raised concerns about whether EPO plans would include enough in-network providers to give patients adequate care without driving long distances. The bill was approved by the House Insurance Committee and now goes to the House Health Committee for further consideration.

The House and Senate adjourned on Thursday and will reconvene on Monday, August 23.

BILLS OF INTEREST

House Bill 73, Temporarily Defer ABC Permit Renewal Fees. On Monday, Governor Cooper signed House Bill 73 into law, which provides that restaurants and bars will not need to pay annual ABC permit renewal fees until October 1, 2021. House Bill 73 moves this year's renewal deadline from May to October 1, giving struggling hospitality businesses more time to make the payment. The House had originally proposed waiving this year's ABC permit fees entirely, but the Senate preferred a deadline extension instead.

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