



NC Spirits Association

Legislative Report
June 13, 2025

This week in North Carolina, lawmakers advanced high-profile legislation while budget negotiations remained unresolved. House and Senate policy committees were hard at work considering and advancing the other chamber's bills. It appears the both the House and Senate will wrap up the majority of their non-budget committee work by June 30. As such, there is a flurry of activity as members attempt to move their bills in the last weeks of the legislative session.

Permitless concealed carry passed both chambers but faces a likely veto from Governor Stein. Immigration measures requiring ICE cooperation and restricting benefits for undocumented individuals were also sent to the Governor's desk, sparking protests across the state and deepening partisan divides.

In education, House Bill 832 drew constitutional scrutiny for shifting oversight of charter schools away from the state superintendent. Concerns also grew over the rise in early high school graduations following a legislative cap on local credit requirements. Meanwhile, bipartisan momentum continued for school cellphone bans, and HBCU advocates pushed for increased funding as the state budget takes shape.

On the economic front, JetZero announced a \$4.7 billion aerospace facility in Greensboro, the largest job commitment in state history. At the same time, FEMA's cancellation of the BRIC grant program jeopardized \$190 million in storm resilience projects, prompting calls for state intervention. Public health leaders also raised alarms over ER wait times and funding cuts, while Governor Stein launched a cannabis policy council and supported efforts to expand access to psychedelic therapy for veterans.

The legislature adjourned on Thursday and will reconvene on Monday, June 16.

BILL STATUS UPDATES

Senate Bill 595, Various Revenue Laws Changes, was reported favorable on the committee substitute in the Senate Finance Committee and referred to the Senate Rules Committee. The Senate committee substitute makes wide-ranging revisions to North Carolina tax law, utility regulation, and other statutes. Here's a summary by part:

Part I: Individual and Corporate Income Tax Changes

- Revises income tax rules for S corporation shareholders to clarify allowable deductions and required income adjustments.
- Extends certain tax interest waivers from May 1 to September 25, 2025.
- Adds a new 2024 deduction for eligible timber casualty losses.
- Allows one extra *business* day (not just a calendar day) for employers to remit withheld taxes when payment periods fall during legal holidays.

Part II: Federal Partnership Audit and Reporting Adjustments

- Refines definitions for indirect and tiered partners in partnership audits, including trust and grantor trust classifications.
- Sets a 6-month deadline for audited partnerships to notify tiered partners of final federal adjustments.
- Eliminates the 90-day reporting/payment deadline for tiered partners in favor of general filing alignment.

Part IV: Fuel and Tobacco Tax Changes

- Defines *renewable diesel* as chemically equivalent diesel made from organic feedstocks.
- Clarifies supplier licensing, bond requirements, and exemptions for motor fuel tax purposes.
- Expands the definition of “smokeless tobacco” to include snuff, and narrows the excise tax applicability.
- These changes are effective July 1, 2025.

Part V: Sports Wagering Data Reporting

- Requires licensed sports wagering operators and the NC Lottery Commission to submit data to the Secretary of Revenue, limited to once per month.

Part VI: Illegal Fire Tax Clarification

- Declares certain improperly collected fire taxes illegal when a taxing unit passes a resolution identifying the issue.
- Adds a statute limiting the assessment of property tax to once per tax year per property.

Part VII: Peer-to-Peer Vehicle Sharing

- Updates and clarifies definitions, including changing “peer-to-peer vehicle sharing” to apply only when done for compensation.
- Redefines platform providers as commercial businesses, adjusts terms for shared vehicle owners, and removes an unused definition.

Part VIII: Franchise Tax and Corporate Filing Updates

- Establishes a \$200 minimum franchise tax for C-corporations with up to \$1 million of business.
- Clarifies that franchise tax deductions can include investments in insurance companies where the corporation holds 80% ownership.
- Applies retroactively to tax years beginning January 1, 2019.

Part IX: Enforcement of Vapor and Consumable Product Laws

- Transfers enforcement responsibility for vapor and consumable product compliance checks from the Department of Revenue to the ALE Division.
- ALE now conducts unannounced compliance checks, reports violations, and may seize unregistered products.
- Redirects all associated fees to the Civil Penalty and Forfeiture Fund, no longer for enforcement use.

Part X: Foreclosures and Liens

- Clarifies that NC tax foreclosure sales remain *judicial* sales under federal law (despite being excluded from the definition in GS 1-339.1).
- Removes the provision that made special assessment liens subordinate to federal tax liens (effective October 1, 2025).

Senate Bill 664, JMAC Flexibility/ABC Law Revisions, was reported favorable on the committee substitute in the House Committee on Alcoholic Beverage Control and referred to the House Judiciary 1 Committee.

The House committee substitute makes several key changes. It amends G.S. 18B-903 by removing language that previously clarified the statute does not limit alternating proprietorships—arrangements in which one alcohol permit holder leases or shares their facility with another permit holder under G.S. 18B-1103. Additionally, the substitute deletes three sections from the bill that had made amendments to existing laws related to economic development incentives: Section 3, which addressed megasites under S.L. 2022-74; Section 4, which modified selectsites provisions under S.L. 2023-134; and Section 5, which amended JDIG provisions under S.L. 2024-53. As a result of these deletions, the bill’s titles are revised accordingly to reflect the narrowed scope. Finally, the bill specifies that the changes made in Section 1 apply to awards that are in effect on or after the date the act becomes law.

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

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