



NC Spirits Association

Legislative Report
June 21, 2025

Budget negotiations remain at a standstill in Raleigh as Republican leaders in the House and Senate acknowledge a final spending plan will likely not materialize before July 1. Lawmakers are now preparing for an extended summer recess without a budget in place, leaving state employee and teacher raises on hold. While discussions continue behind the scenes, the Senate agreed to decouple a \$450 million Hurricane Helene relief package from the budget and move it forward separately. Meanwhile, a proposed clawback of NCInnovation's \$500 million appropriation and tensions around the children's hospital project underscore deeper divisions between the chambers over long-term investment strategy.

A number of policy debates intensified this week. A previously bipartisan online exploitation bill (House Bill 805) was amended by Senate Republicans to add controversial language on gender identity, medical malpractice, and parental control over school materials. Lawmakers also moved forward on new hemp product regulations, approved a broad crime omnibus bill, and expanded licensing reciprocity for professionals moving to North Carolina. In the environmental space, the Senate inserted a last-minute provision into a fisheries bill to ban inshore shrimp trawling, drawing bipartisan backlash and threatening to upend coastal economies. A charter school oversight overhaul also advanced, continuing the shift of power away from the State Superintendent of Public Instruction.

We anticipate that the legislature will wrap up most of its policy-related business next week and recess for the month of July, with the option of returning in August or later in the fall to finalize a state budget bill or pursue mini-budgets. It remains to be seen what path legislative leaders will ultimately take.

The legislature adjourned on Thursday and will reconvene Monday, June 23.

BILL STATUS UPDATES

House Bill 328, Regulate Hemp-Derived Consumables, was reported favorable on the committee substitute in the Senate Health care Committee, reported favorable in the Senate Finance, Senate Judiciary Committee, and Senate Rules Committee. The bill passed the full Senate 35-7 and was sent to the House for concurrence.

The Senate committee substitute creates a new regulatory framework for hemp-derived consumable products in North Carolina by enacting GS Chapter 18D. The bill removes prior provisions that allowed public school units discretion to include these products in instructional or research activities. It establishes definitions for a wide range of terms related to hemp regulation and outlines multiple offenses related to the sale, manufacture, possession, and distribution of hemp-derived consumable products, including those sold to individuals under 21, those with excessive THC concentration, and those not properly packaged, labeled, or tested. Penalties for

violations range from civil fines to criminal charges, including Class A1, H, and G misdemeanors and felonies, depending on the nature and frequency of the offense. The bill includes detailed requirements for licensing manufacturers, distributors, and retail dealers of hemp-derived consumable products, with application and renewal fees scaled by business type. It authorizes the Alcohol Law Enforcement (ALE) Division to enforce compliance through unannounced inspections, sampling, and seizure of noncompliant products, and requires a seed-to-sale tracking system accessible to law enforcement. Additional regulations cover packaging, labeling, advertising, and age verification protocols for internet and in-person sales. ALE is required to report enforcement activity annually beginning in 2027. The bill also repeals GS 90-94.1, which had exempted hemp extract from the Controlled Substances Act, effective December 1, 2025. Finally, it adds kratom to the list of Schedule VI controlled substances. The new regulatory provisions apply to hemp-derived consumable products possessed, sold, distributed, or manufactured on or after July 1, 2026, and to offenses committed on or after that date.

House Bill 661, Building Industry Efficiency Act of 2025, was reported favorable on the committee substitute in the House Finance Committee, passed the House Rules Committee, amended on the House floor 3 times and passed the full House 93-18.

Amendment #2 adds a provision specific to project code DPS24-1, which is a state ABC warehouse, allowing the ABC Commission to use a public-private partnership for the construction of a new North Carolina Alcoholic Beverage Control Warehouse if it would expedite completion. The agency is also directed to incorporate automation in facility infrastructure as much as possible.

Senate Bill 429, 2025 Public Safety Act, was reported favorable on the committee substitute in the House Judiciary 2 Committee and referred to the House Rules Committee.

The House committee substitute makes broad changes across criminal justice, public health, court procedure, and public records, while also removing several provisions from earlier versions. Key updates are summarized below:

Removed Provisions

The bill deletes prior proposals that would have:

1. Increased penalties for felons possessing firearms during a felony.
2. Criminalized larceny of gift cards.
3. Created a new offense for unauthorized entry into private building areas.
4. Expanded GS 84-7.1 to allow law school grads to provide legal services via nonprofits or government agencies.

Key Changes by Section

Section 2 – Medical Examiner Records

- Strengthens privacy protections and outlines when finalized autopsy, toxicology, and investigative reports may be released.
- Expands who may receive these reports (e.g., personal representatives, family, claim beneficiaries).
- Adds a judicial procedure to compel release when law enforcement or prosecutors fail to confirm an investigation has concluded.
- Clarifies protections for individuals who release information in good faith and in reliance on written consent.

Section 5 – Sex Offender Registry

- Requires petitions to remove or challenge registration status to be filed in superior court criminal sessions.
- Filing fees must be paid unless the petitioner is indigent.

Section 6 – Domestic Violence Jurisdiction

- Clarifies that relief under GS 50B can be sought by anyone residing in NC or based on acts that occurred in NC, regardless of the defendant's residence.

Section 15 – Pedestrian Safety

- Moves up the effective date for increased penalties for failing to yield to blind pedestrians to December 1, 2025.

Section 17 – Postconviction Motions for Appropriate Relief (MAR)

- Sets a two-year filing deadline for most non-capital MARs.
- Expands claims that can be raised at any time, including those involving actual prejudice or fundamental miscarriage of justice.
- DA consent allows late MARs at any time.
- Applies to verdicts entered on or after December 1, 2025.

Section 19 – Filial Responsibility

- Repeals GS 14-326.1 (requiring children to support indigent parents).
- Applies to offenses committed on or after July 1, 2025.

Sections 20–21 – Domestic Violence Reforms

- Clarifies that GS 14-33 offenses are not lesser-included offenses of GS 14-32.5 (misdemeanor domestic violence).
- Creates a new Class H felony: *habitual domestic violence* for those with two+ prior related convictions. Subsequent offenses are enhanced up to Class C.
- Applies to offenses committed on or after December 1, 2025.

Section 22 – Sentencing Transparency

- Requires courts to state reasons on the record when choosing concurrent or consecutive sentencing.
- Applies to offenses on or after December 1, 2025.

Section 23 – Firearm Return Process in Domestic Violence Cases

- Streamlines firearm return after ex parte orders expire or are denied.
- Expands rights for third-party firearm owners.
- Strengthens notice and retention procedures for sheriffs.
- Applies to firearms surrendered on or after December 1, 2025, and retroactively applies to older cases starting February 1, 2026.

Section 24 – 911 Calls

- Makes the content of 911/emergency calls from minors confidential (not public record).

Sections 24.2–24.3 – Youth Access to Hemp & Tobacco

- Makes it a Class 2 misdemeanor to sell or possess hemp-derived consumables under age 21.
- Requires schools to ban hemp products on school property.
- Raises the legal age to purchase tobacco/vapor products from 18 to 21.
- Effective December 1, 2025; school policy changes apply starting 2025–26 school year.

Section 24.5 – Prison Security

- Extends special training and authority for private security at state prisons from June 30, 2025 to June 30, 2027.

Senate Bill 595, Various Revenue Laws Changes, was reported favorable in the Senate Rules Committee and passed the full Senate on 2nd reading 45-0.

Senate Bill 664, JMAC Flexibility / ABC Law Revisions, was withdrawn from the House Judiciary 1 Committee and referred to the House Rules Committee.

Senate Bill 710, DPS Agency Changes.-AB, was sent to the House and referred to the House Finance Committee.

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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