



Spirits Association

Legislative Report
March 7, 2025

Senate Committee Advances DNCR Secretary Nomination

Gov. Josh Stein’s nominee for Secretary of the Department of Natural and Cultural Resources (DNCR), Pamela Cashwell, received a favorable response from the Senate Committee on Agriculture, Energy, and Environment. Cashwell highlighted her passion for North Carolina’s cultural and natural assets and her experience in state government as key qualifications for the role.

Her priorities include:

- Rebuilding Flood-Damaged Assets in western North Carolina.
- Improving Administrative Efficiency by addressing siloed systems.
- Managing Capital Projects, ensuring timely and budget-conscious execution.
- Reopening Key State Parks, including Mount Mitchell, Chimney Rock, and South Mountains.

Cashwell also emphasized the need to increase DNCR employee salaries, promote underutilized parks and historic sites, and prepare for the state’s role in the 250th anniversary of the U.S. The committee approved Senate Bill 221, sending her nomination to the Select Committee on Nominations.

House Committee Advances Zero-Based Budgeting Bill

The House Judiciary 3 Committee approved House Bill 142, which would require the governor’s office to implement zero-based budgeting instead of using previous budgets as a baseline. Bill sponsor Rep. John Blust (R-Guilford) argued that the current system allows for automatic spending without thorough justification.

The bill, phasing in over four years starting in 2027, would require the governor to zero out approximately one-quarter of state agencies each year, beginning with the executive branch. Agencies would need to justify each expenditure in their budget requests.

Blust, who first proposed the idea in 2015 with former Budget Director Art Pope’s support, acknowledged concerns about increased workload but said past discussions suggested existing staff could handle the transition.

The bill must pass two more committees before reaching the House floor. It now moves to the House Appropriations Committee for further review.

Senate Advances Bill to Ban DEI Initiatives in Public Schools

The North Carolina Senate is moving forward with Senate Bill 227 (SB-227), which would prohibit diversity, equity, and inclusion (DEI) offices in public schools and restrict the teaching of "divisive concepts." The bill, backed by Senate leader Phil Berger and Sen. Michael Lee (R-New Hanover), requires school administrators to certify compliance by September, ensuring that schools do not engage in discriminatory practices or DEI-based training.

Supporters argue that while DEI's stated goals are positive, the execution has led to costly training programs and ideological impositions. Lee cited examples of DEI training costing up to \$625 an hour, emphasizing that such initiatives often reinforce stereotypes and bias rather than promoting fairness.

Critics, including Sen. Jay Chaudhuri (D-Wake) and the ACLU of North Carolina, argue that SB-227 is too vague and may face constitutional challenges, pointing to a similar law in New Hampshire that was struck down in court. ACLU representatives warned that the bill's wording could restrict educators from discussing historical and contemporary issues, such as the Black Lives Matter movement.

The bill does not apply to private schools, even those receiving public funding through Opportunity Scholarships, which some lawmakers questioned. Sen. Chaudhuri suggested that instead of banning DEI, the legislature should focus on fostering unity and equal opportunity. Despite concerns, the Senate Education and Rules Committees approved SB-227, sending it to the full Senate for debate. Sen. Warren Daniel (R-Burke) encouraged Democrats with proposed changes to collaborate with bill sponsors before floor discussions, noting that last-minute amendments often get tabled without debate.

Senate Advances Bill Limiting Attorney General's Power to Challenge Federal Orders

The North Carolina Senate gave preliminary approval to Senate Bill 58 (SB-58), which would prohibit Attorney General Jeff Jackson (D) from participating in lawsuits aimed at blocking executive orders from President Donald Trump. The measure, unexpectedly added to the Senate calendar, passed along party lines, drawing strong objections from Democrats, who argued they were denied time to propose amendments or hear public input.

Democrats condemned the bill, calling it an effort to shield Trump from legal challenges. Sen. Graig Meyer (D-Orange) warned that blocking North Carolina from joining lawsuits could cost the state federal funding, while Sen. Terence Everitt (D-Wake) said the bill surrenders the state's independence to the federal government. Sen. Mujtaba Mohammed (D-Mecklenburg) noted that Republican attorneys general have frequently sued Democratic presidents, arguing the bill sets a dangerous precedent regardless of who is in power.

Republicans, who hold a veto-proof majority, did not defend the bill on the floor. However, bill sponsor Sen. Timothy Moffitt (R-Henderson) previously stated that the Legislature retains the power to direct the attorney general's actions and punish noncompliance.

A final vote on SB-58 is scheduled for Tuesday.

Budget Subcommittee Meetings Continued This Week

Legislators were busy this week wrapping up preliminary meetings related to the budget. While not all legislators serve on appropriation committees, many of them do. These early session appropriation committee meetings usually consist of detailed presentations from the General Assembly's fiscal staff on how money is allocated to and spent by State agencies. State agency representatives are usually in attendance and available to answer questions from legislators regarding allocations and expenditures.

Additionally, the bill drafting deadlines for both the House and Senate have officially passed as of Thursday of this week. The bill drafting deadlines are set at the beginning of each new session. The drafting deadline requires legislators to get their good ideas to bill drafting staff at the General Assembly by a certain date so that staff and legislators will have plenty of time to finalize language and meet the bill filing deadlines for the Session, which this year are March 25 for the Senate and April 3 for the House.

The House and Senate adjourned on Thursday and will reconvene on Monday, March 10, 2025.

BILLS OF INTEREST

House Bill 330, Controlled Substances Act – Updates, updates the state's Controlled Substances Act by adding new synthetic opioids, fentanyl derivatives, nitazene derivatives, substituted cathinones, synthetic cannabinoids, and other controlled substances to the list of illegal drugs. The bill expands the classification of prohibited substances, ensuring that newly developed synthetic drugs and their analogs are regulated under existing drug laws. The act also clarifies specific chemical structures and updates definitions for consistency with federal regulations. The law takes effect upon enactment.

Introduced by Reps. Huneycutt (R); Miller (R); Pyrtle (R); Rhyne (R) and is awaiting committee referral.

Senate Bill 249, Exempt./Campaign Sales/Other Political Groups, amends North Carolina's campaign finance laws to exempt certain political party groups from reporting requirements for the purchase price of goods or services sold as part of fundraising efforts. The bill expands the exemption, previously applicable only to political party executive committees and affiliated party committees, to include other political party groups such as youth, senior, minority, or women's organizations. These sales will not be treated as "contributions" for record-keeping and reporting purposes, provided they follow an approved plan, including limits on total sales per election cycle (\$20,000) and individual purchases (\$50). The act takes effect upon enactment.

Introduced by Sens. Alexander (R); Daniel (R); Galey (R) and is awaiting committee referral.

BILL STATUS UPDATES

House Bill 198, Amend Law on Notice of ABC Violation, was reported favorable on the committee substitute in the House Alcoholic Beverage Control Committee and was referred to House Judiciary 1 Committee.

The committee substitute clarifies that any law enforcement agency's report of a violation—not just those from agencies other than ALE or local ABC officers—must trigger a notification to the ABC permit holder.

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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