



# North Carolina Spirits Association

Legislative Report  
April 28, 2023

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## North Carolina Community College Board Selects New Top Executive Amid Staffing Vacancies and Legislative Overhaul Efforts

North Carolina's community college board has selected Wilkes Community College President Jeff Cox to be the next top executive over its 58 community colleges. The approval of Cox follows a nationwide search and marks the fifth permanent president of the system since 2015. Cox's appointment comes amid staffing vacancies and legislative efforts to overhaul the governance of the community college system, which serves nearly 600,000 students annually and is considered the third largest in the country. Republican legislators and others have questioned the system's nimbleness and its ability to train workers for expanding businesses in their regions. A state Senate measure that could receive a floor vote next week would eliminate the Governor's appointments for the state community college board and on local community college trustee boards.

### Campaign Announcements

North Carolina's Republican Lieutenant Governor Mark Robinson has announced that he will run for Governor in 2024. Robinson is one of several candidates to declare their intention to succeed Democratic Governor Roy Cooper, including Republican State Treasurer Dale Folwell and Democratic Attorney General Josh Stein.

Representative John Bradford (R-Mecklenburg) has confirmed he will be a candidate for North Carolina State Treasurer in 2024, joining the race alongside Representative Wesley Harris (D-Mecklenburg). Bradford is a property management software company owner and is currently in his fourth term in the General Assembly. If elected, he lists the health of North Carolina's public pension system, the state's bond rating, and an entrepreneurial leadership program for high school students as his top priorities. The current State Treasurer, Dale Folwell, announced his bid for the Republican nomination for governor in March.

### North Carolina Unemployment Rate Drops to 3.5% in March

North Carolina's unemployment rate dropped to 3.5% in March according to the state Commerce Department. This marks the lowest level of unemployment since May 2020. The number of people employed grew by approximately 15,700 to almost 5 million workers, while the number of unemployed fell by nearly 5,000 people to around 183,100. The education and health services sector and leisure and hospitality services sector saw the most significant numerical growth in employment.

## **North Carolina Considers Universal Opportunity Scholarships for All Families**

A bill in North Carolina would make Opportunity Scholarships universally available to all families in the state. Senate Bill 406 would introduce a tiered system of funding, with low- and moderate-income households prioritized, and wealthier families receiving a smaller amount. Scholarships would also vary based on income, with lower-income households qualifying for 100% of the scholarship of around \$7,400 this year, and higher-income households qualifying for 45%. The scholarships would be available for the 2024-2025 school year. Democrats have raised concerns about the implications of the bill, including increased private school tuition and a lack of accountability metrics for private schools.

## **Blue Cross Blue Shield Bill**

A bill before North Carolina's House of Representatives proposes to restructure Blue Cross Blue Shield of North Carolina's corporate model by allowing the company to move some of its \$4.6B surplus into a nonprofit holding company that could buy healthcare firms and other subsidiaries, as well as make investments subject to less regulatory oversight than the insurance part of the company receives. House Bill 346 has moved rapidly through the committee stage despite objections from state Insurance Commissioner Mike Causey, who believes it would raise insurance premiums and reduce transparency and accountability.

## **This Week at the General Assembly**

Work on the state budget in the Senate is moving at breakneck speed. The Senate expects to have their version of the state budget bill on the Senate calendar for votes the week of May 15. As we near the crossover deadline on May 4<sup>th</sup>, House and Senate committees are meeting with long agendas, and even longer House and Senate sessions. We expect next week to be another hectic week. Speaker Tim Moore announced on Thursday that to assist committees with meeting the May 4 crossover deadline, committee chairpersons could schedule committee meetings for Monday of next week. This is a rare occurrence because North Carolina's legislature has not had committee meetings or voting sessions on Mondays yet this year – and has been making a concerted effort to conduct most of their business on Tuesday, Wednesdays and the first half of Thursdays. However, it appears legislators will be in Raleigh most of next week in advance of the crossover deadline.

The House and Senate adjourned on Thursday and will reconvene on Monday May 1.

## **Bills of Interest**

**House Bill 870, ABC Omnibus Bill,** would make various changes to the ABC laws, including:

-Would create a "Bring Your Own Beverage Permit", which authorizes each individual patron of a mixed beverage permittee, with the permission of the permittee, to bring malt beverages, unfortified wine, or malt beverages and unfortified wine onto the premises and consume the malt beverages, unfortified wine, or malt beverages and unfortified wine on the premises

- Would expand the ABC stores that mixed beverage permittees could purchase spirits from, essentially any store in a city where the permittee is located or county where the permittee is located, if that store has been designated by the local board for those purchases.

- Would allow restaurants and bars holding mixed beverages permits to sell private label liquor.

- Would eliminate physical mixed beverages tax stamp.

- Would allow on-premises ABC permit holders to conduct certain sales and advertising. The bill provides that the holder of an on-premises malt beverage permit, on-premises unfortified wine permit, on-premises fortified wine permit, or mixed beverages permit may, for any period of time:

- (1) Sell more than one drink to a patron for a single price.
- (2) Establish a single price based upon the required purchase of more than one drink.
- (3) Give away or sell a drink at a price that is different from the usual or established price charged for the drink.

The holder of an on-premises malt beverage permit, on-premises unfortified wine permit, on-premises fortified wine permit, or mixed beverages permit may advertise the price of malt beverages, unfortified wine, fortified wine, or mixed beverages on outside signage.

- Would direct the ABC Commission to implement a system allowing persons to conduct business with the Commission electronically.

- Would direct the ABC Commission to amend the definition of "cooperative advertising" established by rule. Cooperative advertising means any joint effort between permittees occupying a vertical relationship to each other to advertise alcoholic beverages, the retailer's business, or any promotion as defined in 14B NCAC 15C .0701(3). Cooperative advertising, however, shall not be construed to include any of the following:

- (1) Point-of-sale advertising furnished by an industry member.
- (2) Advertisements of off-premises special events authorized under G.S. 18B-1114.1, 18B-1114.5, or 18B-1114.7, or events approved by the Commission pursuant to 14B NCAC 15C .1302.
- (3) Print or electronic advertising of on-premises events that are visible or audible to the permittee's patrons only when on the permittee's premises.
- (4) Unpaid internet-based social media advertisements directed to social media users who have opted to receive content from the permittee, and which advertise any of the following:
  - a. An on-premises brand promotion.
  - b. Malt beverage, wine, or spirituous liquor tastings.
  - c. On behalf of a supplier, the availability of the supplier's products at two or more retail permittees.
  - d. On behalf of a retail permittee, a listing or promotion that allows an individual to determine the availability of a specific product at permitted retailers in a certain geographic area.

e. Events at on-premises retail permittees, which advertising includes the logo or trade dress of the retail permittee, supplier, or retail permittee and supplier.

-Would direct the ABC Commission to implement a centralized inventory management system. By no later than December 31, 2023, the ABC Commission would implement and maintain a centralized inventory management system that allows, at a minimum, for (i) persons to view electronically the inventory of spirituous liquor available for purchase at the State warehouse and at the local ABC boards and (ii) the ability for local ABC boards and mixed beverages permittees to place orders electronically for spirituous liquor from the State warehouse or the applicable local ABC board. The bill would authorize the ABC Commission to contract with a third-party entity with relevant experience to implement and maintain the system. The bill provides that local ABC boards would be required to provide the ABC Commission with all information deemed necessary by the Commission to comply with this requirement. The bill would also require local ABC boards to utilize this same system when managing inventory and placing orders for spirituous liquor.

**Introduced by Representatives Pickett, Saine, T. Brown and Willingham and referred to the House Alcohol Beverage Control Committee.**

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