



INTRODUCTION

While the corner offices negotiate the budget and public hearings are being held across the state for Redistricting, legislative activity on Jones Street has been a bit slow over the past few weeks. Although there hasn't been much bill movement, there is still a flurry of activity happening behind the scenes between budget negotiations and work on major pieces of legislation that lawmakers hope to pass before session comes to a close, like the Senate's rumored new version of the House's energy bill. Please see below for a run-down of what has happened at the General Assembly over the past few weeks.

BUDGET UPDATE

Speaker Moore is hopeful that the Senate and House can send their consensus budget over to Gov. Cooper this week. The word around Jones Street is that budget negotiators worked late into the night and into the early morning on a budget compromise between chambers last week in an effort to reach this goal. "The plan right now is for the House and the Senate to come up with an agreement ... that would then be shared confidentially with the Governor to give the Governor an opportunity to either say whether he would sign it as is, or if there are changes, he would like to see," Speaker Moore said. Speaker Moore said they do not plan to publicly share their version of the budget or agreements made after negotiations in order to leave room for "very frank and candid negotiations." Speaker Moore hopes that the budget can be finalized in the first or second week of October.

ABC COMMISSION CHAIR RESIGNS

The chairman of N.C. ABC Commission, A.D. Zander Guy Jr., resigned last week, effective immediately. The former Surf City mayor's resignation comes as the state ABC commission and county ABC boards grapple with liquor supply chain and fulfillment issues throughout the state's 171 local ABC boards. On top of supply chain issues caused by the pandemic, further issues have risen from the state's new contract with its vendor, LB&B Associates, which included a new online inventory and ordering system.



NORTH CAROLINA SECURITY AND LOW VOLTAGE ASSOCIATION



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Some local ABC boards have seen a reduction in the number of weekly shipments, as well as shipments with incomplete liquor orders or different orders altogether. As a result, some area stores are seeing empty shelves. That impacts more than just people's ability to grab a drink. For instance, the Mecklenburg County ABC distributed \$5 million in alcohol education community grants and more than \$14 million in profit sharing to the city, county, and Charlotte Mecklenburg Library in fiscal year 2020, according to WBTV.

In light of these issues, the House Committee on Alcoholic Beverage Control plans to hold a hearing next Wednesday to discuss liquor distribution and warehousing with the ABC Commission and its contractor. Deputy commissioner of the N.C. ABC Commission, Terrance Merriweather, will oversee operations until Governor Cooper announces a new chairman. Word is that Gov. Cooper hopes to name a replacement this week.

HOUSE BILL 890, ABC OMNIBUS LEGISLATION

House Bill 890 was one of big-ticket items that has passed at the General Assembly during their few voting sessions over the past weeks. House Bill 890 passed the Senate on a 35-7 vote and a 95-8 concurrence vote in the House. The Governor signed the widely supported omnibus bill into law on September 10. This legislation makes several changes to the laws concerning ABC stores, distilleries, and other alcohol-related statutes.

Among other changes, House Bill 890 does the following:

- allows online orders from ABC stores;
- extends hours of operations for distilleries and allow for Sunday sales, when ABC stores are closed;
- expands the size of growlers from two liters to four;
- establishes a Liquor Council;
- permits sale of two alcoholic beverages per person at college sporting events;
- allows cities and towns to create "social districts" where people can walk with alcoholic beverages from nearby restaurants and bars;
- establishes rules for ice cream, popsicle, and gelatin products that contain alcohol;
- allows charter buses traveling at least 75 miles to serve alcohol; and
- eliminates the requirement on the town of Cary to issue alcoholic beverage licenses.

SENATE BILL 360, PROHIBIT COLLUSIVE SETTLEMENTS BY THE AG

Senate Bill 360 passed the House on a party-line vote last week, and has now been sent to the Governor. This bill would require joint approval from the Speaker of the House and the President Pro Tempore of the Senate before the Attorney General could enter into a consent judgement or settlement agreement in a dispute, claim, or controversy in which the Speaker of the House or the President Pro Tempore of the Senate have intervened or are otherwise named parties.

This Republican-led bill was in response to the State Board of Elections settlement agreement and rule change during the 2020 election, that ultimately lengthened the number of days the Board of Elections could accept absentee ballots postmarked by Election Day to nine days after November 3rd. Republicans have held that that settlement was unlawful and changed election law in the middle of an election, after the General Assembly had already passed bipartisan election measures to address an election held during a pandemic. Bill sponsor, Rep. Destin Hall, argued on the floor that the challenge essentially became a "friendly lawsuit" between Democratic lawyers representing the plaintiffs, the Democratic majority on the State Board of Elections, and the

Democratic Attorney General. Democrats have held that the Board of Elections acted within its authority to settle the case. They argue that this bill should be presented as a constitutional amendment that's voted on by the people since it would change the state constitution by changing the authority given to the attorney general. "The laws as they are work, and they work well," Rep. Morey (D) said. "If you don't like what our attorney general is doing in settling cases that he's constitutionally obligated to do, then run for attorney general."

The bill has passed both chambers by party line, and is likely to be vetoed by the Governor. Based on the vote count, it is unclear if a veto override is likely to take place with this bill or bills that have also passed with nearly party-line votes, like House Bill 398, Pistol Purchase Permit Repeal.

REP. VERLA INSKO ANNOUNCES RETIREMENT

Rep. Verla Insko, one of the longest-serving members of the General Assembly, has announced that she will not be seeking re-election next year. The Democratic lawmaker has represented the Chapel Hill area since 1997, and is currently serving her 13th term in the House. In her announcement, she made it clear that she will not be leaving her seat early and will be here until the end of December. She just wanted to give notice early enough so that anyone considering running for her seat had time to consider the move before candidate filing opens near the end of the year. Rep. Insko has been known for her advocacy in the areas of public education and greater access to health care. "Keep true to your values... Hang in there, love each other and fight the good fight," said Rep. Insko during her announcement on the floor last week.

BILL UPDATES

HOUSE BILL 103, Automatic Renewal of Contracts. Several changes were made to this bill on the Senate floor, and the bill as amended was approved by the full Senate. The House did not agree to the changes made in the Senate and a Conference Committee was appointed to work out a compromise version of the bill. The Conferees are: Rep. Sarah Stevens (Chair); Rep. John Szoka; Rep. Lee Zachary; Rep. Destin Hall; Sen. Chuck Edwards (Chair); Sen. Bill Rabon; Sen. Todd Johnson; and Sen. Paul Lowe.

Below are the differences between the House and Senate versions of the bill (in terms of changes to current law) to require any person engaged in commerce that sells, leases, or offers to sell or lease, any products or services to a consumer pursuant to a contract that contains an automatic renewal provision for a term of more than one month to do all of the following:

<u>House</u>	<u>Senate</u>
Provide a disclosure statement that clearly and conspicuously provides notice of all of the following: <ul style="list-style-type: none"> • That the contract will be automatically renewed if the consumer agrees to the contract; • The length of the initial term of the contract and the length of each renewal period under the contract; 	Provide a disclosure statement that provides notice of all of the following <u>clearly and conspicuously in at least 12 point type and in bold print:</u> <ul style="list-style-type: none"> • <u>That the contract will be automatically renewed unless the consumer gives notice to the seller of the consumer's intention to terminate the contract prior to the renewal date. There shall be a space</u>

<ul style="list-style-type: none"> • The amount to be charged to the consumer for the initial term of the contract and the amount to be charged to the consumer for any renewal periods, if known; • If any terms of the contract will change upon contract renewal, a list and explanation of those terms. • An electronic mail address, mailing address, toll-free telephone number, or another cost-effective, timely, and easy-to-use mechanism that the consumer may use to terminate the automatic renewal. A consumer who enters into a contract online shall be permitted to cancel the contract online. 	<p><u>beside this disclosure to be initialed by the consumer acknowledging the consumer's specific consent to this provision of the contract;</u></p> <ul style="list-style-type: none"> • The length of the initial term of the contract and the length of each renewal period under the contract; • The amount to be charged to the consumer for the initial term of the contract and the amount to be charged to the consumer for any renewal periods, if known; • If any terms of the contract will change upon contract renewal, a list and explanation of those terms; • An electronic mail address, mailing address, toll-free telephone number, or another cost-effective, timely, and easy-to-use mechanism that the consumer may use to terminate the automatic renewal.
<p>Obtain the consumer's affirmative consent before charging the consumer for an automatic renewal.</p>	<p><u>Impose no charge for an automatic renewal if the consumer did not initial the space provided beside the disclosure required.</u></p>
<p>Remove the requirement to disclose clearly and conspicuously how to cancel the contract in the initial contract, contract offer, or with delivery of products or services.</p>	<p>No change.</p>
<p>Provide that for any automatic renewal of 6 months or more (current law is an automatic renewal exceeding 60 days), the consumer must be provided with notice at least 15 days but no earlier than 60 days before the date the contract is to be automatically renewed, before the date the contract is to be automatically renewed, stating the date on which the contract is scheduled to automatically renew and notifying the consumer that the contract will automatically renew unless it is cancelled by the consumer prior to that date.</p>	<p>No change.</p>
<p>Not included.</p>	<p>Remove the provision that exempted from the statute insurers licensed under GS Chapter 58, or banks, trust companies, savings and loan associations, savings banks, or credit unions licensed or organized under the laws of any state or the United States, or any foreign bank maintaining a branch or agency licensed under the laws of the U.S., or any subsidiary or</p>

	affiliate thereof, or entities subject to regulation by the Federal Communications Commission under Title 47 of the United States Code or by the North Carolina Utilities Commission under GS Chapter 62, or to any entity doing business directly or through an affiliate pursuant to a franchise, license, certificate, or other authorization issued by a political subdivision of the State or its agencies.
Remove the current requirement that, if the terms of the contract will change upon the automatic renewal of the contract, the changing terms of the contract must be disclosed clearly and conspicuously on the notification in at least 12 point type and in bold print	No change.
Define the term "automatic renewal provision" as a provision under which a contract is automatically renewed at the end of a definite term for a subsequent term of more than one month. Such renewal is effective unless the consumer gives notice to the seller of the consumer's intention to terminate the contract.	No change.

The Conference Committee will now decide on a compromise version of the bill and that version will go back to the House and Senate for a yes or no vote only.

HOUSE BILL 264, Emergency Powers Accountability Act, was amended on the Senate floor to give the State Health Director, for no more than seven calendar days, the authority to determine and order that a class or category of persons (was, persons or animals) need to be quarantined or isolated to protect the public health. **The bill as amended was approved by the Senate and has been sent back to the House for approval.**

HOUSE BILL 324, Ensuring Dignity & Nondiscrimination/Schools. This bill that includes provisions to ban the teaching of critical race theory in schools was vetoed by the Governor on September 10th. In his veto, Governor Cooper states that, “The Legislature should be focused on supporting teachers, helping students recover lost learning, and investing in our public schools. Instead, this bill pushes calculated, conspiracy-laden politics into public education.” **The bill has been referred back to the House Rules Committee.**

HOUSE BILL 805, Prevent Rioting and Civil Disorder. This bill that would (1) increase the penalties for rioting or inciting rioting that causes damage to property, serious bodily injury, or death and assaulting emergency personnel during a riot or state of emergency; (2) allow recovery of treble damages for property damage or personal injury caused by rioting or looting; and (3) require pretrial release conditions for rioting and looting offenses to be determined by a judge was vetoed by Governor Cooper on September 10th. The veto provides, “People who commit crimes during riots and at other times should be prosecuted and our law provide for that, but this legislation

is unnecessary and is intended to intimidate and deter people from exercising their constitutional rights to peacefully protest.” **The bill has been sent back to the House Rules Committee.**

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