

2018

LEGISLATIVE SUMMARY

*A guide to new
legislation affecting the
North Carolina
hospitality industry*

NCRLA

NC Restaurant
& Lodging Association

July 24, 2018

Dear Members,

The 2018 “short” legislative session began May 16 and spanned seven weeks as legislators raced to the finish line and held fast to their self-imposed end date of June 29. This year proved especially unique as impassioned debates over everything from school segregation to almond milk to hog farms took center stage. It almost felt as though legislators were moving backwards, as they focused on the budget first—an item traditionally left for last. As always, the North Carolina Restaurant & Lodging Association worked tirelessly to monitor legislation and advocate on behalf of the hospitality industry.

Though the budget was mostly a closed-door process, NCRLA worked to ensure that several industry priorities were addressed. These provisions include \$200,000 in matching funds to the North Carolina Hospitality Education Foundation to expand and grow ProStart, nearly \$15 million to career and technical education at the community college level, additional funding for tourism promotion, and more flexible standards for funding through the film grant program.

The guidance offered by NCRLA’s Board of Directors and Government Affairs Committee in reviewing legislation, meeting with lawmakers, and answering calls to action was instrumental to the industry’s success on these and other legislative matters. The continued engagement of NCRLA members helped to defeat new meals and occupancy taxes, while securing greater flexibility in North Carolina’s ABC rules and regulations. Thanks to healthy attendance at legislative events like Rally in Raleigh and our local roundtables held throughout the state, our industry’s voice is stronger than ever. With steadfast involvement from our members, the industry’s impact will continue to grow.

To keep you up-to-date on all legislation of importance to the North Carolina hospitality industry, we have summarized not only industry priority bills, but also language we opposed and monitored that had the potential to impact you and your business. Each bill number links directly to the most up-to-date language available at the time of publishing. When reviewing this document, please keep in mind that not all bills summarized herein have passed. This report is not legal advice but an informative guide offered to help keep you and your staff up to date.



A handwritten signature in blue ink, appearing to read 'Lynn'.

Lynn D. Minges
President & CEO

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2018 KEY LEGISLATION

Legislation proposed or supported by the North Carolina Restaurant & Lodging Association

SB 99 Appropriations Act of 2018

NCRLA Position: Support

SB 99 is the 2018–2019 budget bill in which legislators made modifications and adjustments to the 2017–2018 budget to better reflect actual revenues and expenditures. The two chambers agreed to a 267-page, \$23.9 billion spending plan. As part of this year’s budget, NCRLA worked to secure several provisions important to North Carolina’s hospitality industry.

- **State Funding for NCHFEF (\$200,000):** Directs \$200,000 from the Department of Public Instruction’s budget to be made available to NCHFEF to provide nationally certified programs in career and technical education that focus on developing critical skills necessary to succeed in the hospitality industry. NCHFEF will match every dollar of state funds with one dollar of non-state funds. NCHFEF will submit a report on April 1 of each year to the Joint Legislative Education Oversight Committee and the Fiscal Research Division to explain how these funds are used.
- **Short-Term Workforce Training Parity:** Provides nearly \$15 million in funding for short-term continuing education and workforce development programs leading to industry credentials that help ensure workforce training programs have adequate resources available.
- **Tourism Advertising Funding:** Provides \$1 million to the EDPNC for tourism advertising and marketing.
- **Film and Entertainment Grants:** Decreases the amount of necessary qualifying expenses to receive funding from \$5 million dollars for feature-length theatrical films to \$3 million and \$1 million for made-for-television movies. The bill also increases potential project funding by raising the cap from \$5 million to \$7 million for feature-length films and from \$9 million to \$12 million for a single season of a television series.

[View Joint Conference Committee Report on the Base and Expanse Budget](#)

Outcome: Became law. Governor’s Veto Overridden

Effective Date: July 1, 2018

WHY IT MATTERS: As workforce development challenges continue to mount for North Carolina’s hospitality industry, developing and growing a successful talent pipeline is critical. Expanding the ProStart program to more schools and students is a key component. This money will help NCHFEF better equip both students and teachers with the training and materials they need to flourish.

The funding for tourism promotion is a great start to help address North Carolina's recent drop in market share to neighboring competitors. While North Carolina is the sixth most-visited state, recent data reveals that North Carolina is 28th for state funding nationally. Any effort to attract more visitors, both for business and pleasure, has a positive effect on hospitality businesses. Bolstering our film grant program incentivizes more businesses to bring their projects to the state, creating opportunities for hospitality operators.

**HB 500 ABC Omnibus Legislation
(McGrady, Gunn)**

NCRLA Position: Sponsored Provisions

Originally featuring language offered in the 2017 session to raise the cap on craft brewers, HB 500 received a face-lift in the Senate Commerce and Insurance Committee. Led by Sen. Rick Gunn and Rep. Chuck McGrady, the bill features several common-sense regulatory reforms.

- **Mixed Beverage Tax Stamp:** Directs the ABC Commission to amend the rules to clarify that a mixed beverage tax stamp can be affixed to any vertical portion of the container regardless of whether the bottle has an original paper label.
- **Mixed Beverages on the Golf Course:** Allows a restaurant located on an 18-hole golf course or a sports club substantially engaged in the business of providing an 18-hole golf course, to offer mixed beverages for consumption on the course by redefining "premises" to include the parking lot and playing areas of the golf course.
- **Nonprofit Raffles:** Increases the number of raffles a nonprofit can hold each year from two to four and increases the annual amount of prizes that can be raffled from \$125,000 to \$250,000. It also authorizes the sale and consumption of alcoholic beverages in the same room as a raffle being conducted and allows an alcoholic beverage to be included in a raffle or auction by the nonprofit.
- **Taste Testing:** Allows commercial permittees or their agents or employees to sample the alcoholic beverages it is licensed to sell for purposes of sensory analysis, quality control, or education at the following locations:
 - Permittee's premises licensed for commercial activity
 - Permittee's premises licensed for retail activity, if the commercial permittee is authorized to hold a retail permit and has obtained the necessary permit
 - Premises of special one-time permittee
 - Premises of a special event where a commercial permittee is participating under a winery or malt beverage special event permit

Outcome: Became law without the Governor's signature

Effective Date: In effect now

WHY IT MATTERS: Placing the bright orange tax stamp on the front of the bottle detracts from the ambience and aesthetic many operators work so hard to create. This and several of the other changes offered by the bill will help hospitality businesses better meet patrons' needs and stay competitive against hospitality businesses in other states that offer more flexible ABC laws.

SB 335 Budget Technical Corrections

NCRLA Position: Sponsored Provisions

SB 335, the budget technical corrections bill, makes various minor changes to address errors in the state budget bill (see SB 99, pg. 4). NCRLA worked to secure language to change a law requiring ABC permittees to post strongly worded human trafficking posters in clearly visible public areas. Now, the posters are only required to be posted in areas clearly visible to employees.

The bill also moves the NC Human Trafficking Commission from under the Department of Justice to the Administrative Office of the Courts.

Outcome: Became law without Governor's signature

Effective Date: July 1, 2018

WHY IT MATTERS: NCRLA and its members are dedicated supporters of efforts to eliminate human trafficking in North Carolina. However, the language used on this particular poster refers to "sex acts" and may be offensive to families with young children. Instead of having these strongly worded posters be the first thing families see when they walk into a restaurant or hotel, they can be placed in an area such as the breakroom, to help remind employees to be on the lookout.

Note: The law requiring the hanging of these posters applies to ABC permittees only.

OCCUPANCY TAX LEGISLATION

Bills that propose new occupancy taxes or alter the allocation of revenue collected from occupancy taxes currently being administered in the state.

WHY IT MATTERS: NCRLA adopted occupancy tax guidelines in 1997 requiring that a county occupancy tax may not exceed six percent and a city occupancy tax rate may not exceed six percent when combined with the county rate. The guidelines also require that two-thirds of occupancy tax proceeds collected must be used to promote tourism, while the remaining one-third must be used for tourism-related expenditures. Furthermore, occupancy tax revenues must be administered by a local tourism promotion agency, whose membership includes representatives from the hospitality industry. These guidelines help to ensure that the lodging industry is not unfairly targeted as the sole funding source for local projects, but that the revenues collected from the tax are used to help grow and encourage further lodging business in the area.

HB 957 Graham County Occupancy Tax (Corbin)

NCRLA Position: Neutral

HB 957 creates a special taxing district consisting of the part of Graham County that is located outside the incorporated areas of the county and authorizes that special tax district to levy a three percent room occupancy tax. Graham County has the authority to levy a three percent room occupancy tax. The towns of Fontana Dam, Lake Santeetlah, and Robbinsville, which are located in Graham County, also have the authority to levy a three percent room occupancy tax.

Outcome: Died in House Finance

SB 805 Polk, Saluda, Tryon Occupancy Tax (Hise)

***NCRLA Position: Neutral;
Conforms to guidelines***

SB 805 makes modifications to the room and occupancy tax authority for Polk County by creating the Polk County District P taxing district. Its jurisdiction includes unincorporated areas of Polk County, the part of Saluda located in Polk County, and the municipal limits of the Town of Tryon. District P may levy a room occupancy tax of up to six percent. Two-thirds of the funds shall be used to promote travel and tourism with the remainder to be used on tourism-related expenditures.

Outcome: Died in Senate Rules

MEALS TAX LEGISLATION

Bills that propose new meals taxes in various areas of the state.

WHY IT MATTERS: NCRLA opposes all new meals tax bills, as they unfairly impact patrons of local restaurants and deli counters to fund projects that benefit all members of the community. When investment in local projects is necessary, all members of the community should pay their fair share through more broad-based funding options.

NCRLA worked hard to see that no new meals tax bills were considered during the 2018 Legislative Session. NCRLA continues to fight against new meals taxes each session and has done so for many years. Because of these industry-led efforts, there has not been a new meals tax administered in more than 20 years. The two past attempts were both defeated by NCRLA's work to garner opposition during the referendum process.



2018 NCRLA Quick Facts

- \$28.6 billion in restaurant & hotel spending
- 18,318 eating & drinking establishments
- 1,768 hotel properties
- Employs more than 13% of NC's workforce

ABC RULES AND REGULATIONS

Bills that propose changes to current ABC rules and laws.

NCRLA supports greater flexibility in North Carolina's alcoholic beverage control (ABC) rules and regulations. Overly strict ABC laws are a challenge for many restaurants, hotels, and resorts across the state that are operating with a finite number of resources and time. NCRLA encourages efforts and opportunities to streamline the current system to provide greater efficiency.

[SB 714](#) ABC Regulation and Reform (Wells)

NCRLA Position: Opposed as introduced; Neutral after amendments

SB 714 is a bill recommended by the Joint Legislative Oversight Committee on Justice and Public Safety that would make several changes to provisions dealing with ABC penalties and licensure. The bill, led by Senator Andy Wells, was filed in an effort to crack down on bad actors after several violent crimes took place at private clubs in Hickory. An identical bill was filed in the House, [HB 944](#), by Representatives Jamie Boles and Ted Davis.

NCRLA was strongly opposed to the bill as originally written since it would have substantially increased the cap on administrative penalties the Commission could fine a permittee for any violation of the ABC laws. It would have raised the amount for a first violation from \$500 to \$1,350, the fine for a second violation from \$750 to \$2,100, and the fine for a third violation from \$1,000 to \$2,750. It would also have allowed the imposition of conditions on the operational hours of the business. The original bill included a 25-year-old age limit for business owners seeking to hold an ABC permit. It altered similar provisions relating to the necessary requirements for managers, officers, directors, and owners to hold an ABC permit. The bill also completely redefined "private club" by requiring that establishments seeking to be considered a "private club" must qualify as a 501(c) business and be in existence for a minimum of one year before applying for a permit.

NCRLA worked closely with other affected industries to demonstrate the serious impact these changes would have not only on these few bad actors but all permittees, especially hospitality businesses. After raising several concerns, Senator Wells amended the bill to have increased fines only apply to seriously egregious violations, e.g. acts of violence, controlled substances, or prostitution. Issues with the age requirement were addressed by requiring all persons to be 21 in order to hold an ABC permit. Wells also worked to alleviate concerns with the original private club language, by creating a new establishment called the "private bar." It would be defined as "an establishment that is organized and operated as a for-profit entity that it is not open to the

general public, but only to members and their bona fide guests for the purpose of allowing its members and their guests to socialize and engage in recreation, while maintaining the previous version's definition of private club." Despite the new definition, establishments falling under the new title of "private bar" would still maintain exemption from health inspections and the Commission for Public Health rules governing the sanitation of establishments that prepare or serve food or drink for pay.

Outcome: Passed the Senate; died in the House ABC Committee

WHY IT MATTERS: NCRLA supports efforts to bring greater flexibility to North Carolina's ABC laws and this bill, though well-intentioned as originally written, would have been a move in the opposite direction. Not only would it have placed an undue burden on young entrepreneurs looking to break into the hospitality industry, it would have rendered numerous private club businesses worthless.

**HB 779 ABC Regulation and Reform
(Brody)**

NCRLA Position: Monitoring

HB 779 would authorize certain small municipalities who have been experiencing decreased populations to hold malt beverage and unfortified wine elections at the discretion of the municipal governing board.

A city would be allowed to hold an election if the county in which the city is located had already held an election, such vote was against the sale of that kind of alcoholic beverage, and one of the following apply:

- City has a population of 500 or more according to the most recent federal census
- The city operates an ABC store
- The city has a population of 400 but less than 500 according to the most recent federal census and had a population of 500 or more as of the prior federal census

Outcome: Signed into law

Effective Date: Now in effect

WHY IT MATTERS: This bill could help incentivize and attract businesses to open in NC.

MINIMUM WAGE AND EMPLOYMENT

Summary of legislation covering changes to corporate structures and taxation.

SB 806 Up Minimum Wage With COLA (Waddell)

NCRLA Position: Oppose

SB 806 would have amended the North Carolina Constitution to set the state minimum wage. The bill would increase the hourly minimum wage to \$8.80 six months after enactment. On September 30 of that year and on each following September 30, the North Carolina Department of Labor would calculate adjustments to reflect any increase in the consumer price index. It then would be published, and would take effect the following January.

Outcome: Died in Senate Rules

WHY IT MATTERS: NCRLA opposes minimum wage bills because they allow government to set and control wages and benefits rather than allowing the free market to take its natural course.

HB 931 UI Technical Changes (Howard)

NCRLA Position: Monitoring

HB 931 makes a number of changes to the unemployment insurance (UI) system. Some of the specific changes included in the bill are:

- Excludes direct sellers from the definition of employment of UI.
- Delays the effective date for a requirement that employers respond to UI claims in 10 days until January 1, 2019.
- Reduces the number of job contacts required for UI to three contacts per week.
- Requires electronic filing of the employer's quarterly report if the employer has 10 or more employees (currently applies to an employer with 25 employees.)
- Creates a procedure to withdraw a UI claim for good cause.

Outcome: Signed by the Governor

Effective Date: Varies for each section

WHY IT MATTERS: The bill clarifies and updates unemployment compensation laws and how they affect restaurant and lodging operators. Employment Commission staff believes the electronic filing requirement simplifies filing for all employers.

**HB 1099 Joint Resolution to Confirm Robert J. Harris
(Lewis)**

NCRLA Position: Opposed

HB 1099 is the House Joint Resolution to confirm the appointment of Robert J. Harris, one of Gov. Roy Cooper's nominees to the North Carolina Industrial Commission. The Industrial Commission hears and decides workers compensation cases, as well as tort claims against the State. While Myra Griffin was confirmed with little question, the business community rallied to oppose the confirmation of Robert Harris.

As part of comprehensive workers compensation legislation passed several years ago, the six-member Industrial Commission is to be comprised of three members representing the employer community and three members representing the worker community.

Harris was being considered for what has been deemed one of the three seats designated for representatives of the employer community. After analyzing published decisions authored by Harris as a Deputy Commissioner, the record revealed Harris' decisions were principally skewed in favor of employees, suggesting he was not suitable for the seat.

NCRLA joined other impacted industries in signing onto a letter to legislators, demonstrating the serious impact this would have on employers by tipping what is supposed to be a balanced and competent commission.

Outcome: Failed in both the House and Senate

WHY IT MATTERS: Confirming Robert Harris to this particular seat would have offset the balance of the North Carolina Industrial Commission. The body is supposed to have equal representation from both the employer and employee communities, and Harris' selection would have skewed that balance in favor of employees.

NC Lodging Industry

- 1,768 properties
- 154,121 guest rooms
- \$10 billion in guest spending



BUSINESS LAWS

Summary of legislation covering changes to corporate structures and taxation.

SB 622 Business Corporation Act Revisions (Barringer)

NCRLA Position: Monitoring

SB 622 makes a number of revisions to the Business Corporation Act to reflect recent changes to the Model Corporation Act to help bring North Carolina closer to the Delaware model for corporate governance. Some of the changes include:

- States that corporate action would not be considered void or voidable for failure to meet authorization requirements if the corporation ratifies the action via prescribed procedures.
- Merger Provisions:
 - Amends a number of entity merger statutes to clarify that a plan of merger may provide for cancelation of shares or interests at the merger closing.
 - Allows the approval of a merger plan or share exchange without a shareholder vote if the merger follows a tender offer made on the terms provided in the plan/exchange, and the offeror acquires enough shares to permit it to approve the merger/exchange if the matter were submitted to a vote at a meeting of the shareholders.
 - Establishes methods for conducting a merger between an unincorporated parent entity and a subsidiary corporation without approval of the subsidiary's board or shareholders. Requires holders of two or more series of a class of shares to vote together as a single voting group on a proposed plan of merger or conversion if the plan would entitle them to vote as separate voting groups and would affect those series in substantially similar or the same ways.
- Requires a \$150 fee payable to the Secretary of State when filing articles of validation
- Authorizes articles of incorporation to include a provision eliminating any duty of a director, officer, or any other person to offer the corporation the right to have or participate in one or more specific classes of business opportunities before the director, officer, or other person pursues the opportunity.
- Removes the 10-year statutory limit on the duration of a voting trust and provides that its duration shall be set forth in the voting trust if it is made effective on or after October 1, 2018.
- Permits enforcement of agreements among shareholders of privately held corporations governing the exercise of various corporate powers, management of the corporation's business and affairs, or the relationship between or among the shareholders, directors,

and the corporation, even if the agreement is inconsistent with one or more provisions of the Business Corporations Act, provided it is not contrary to public policy.

- Provides that compensation for directors of a public corporation or that of a corporation that so provides in its articles of incorporation, is presumed to be fair unless proven otherwise by a preponderance of the evidence.
- Provides that a director present at a meeting of a subcommittee of the board of directors is deemed to have assented to action taken at such meeting under certain circumstances.
- Limits the circumstances under which rights to indemnification and advancement of expenses could be impaired retroactively.
- Provides appraisal rights to shareholders with non-voting shares and would require notice of intent to demand appraisal rights to be given before the proposed corporate action becomes effective.

Outcome: Signed by the Governor

Effective Date: October 1, 2018

WHY IT MATTERS: The bill makes numerous revisions to the Business Corporation Act to move North Carolina closer to similar standards as those featured in Delaware. These changes will have positive effects on hospitality companies doing business as North Carolina corporations.

SB 715 Various Changes to the Revenue Laws (Tillman)

NCRLA Position: Formerly opposed; now neutral

SB 715 came about as a recommendation of the Revenue Laws Study Committee. The bill makes various technical, clarifying, and administrative changes to North Carolina's revenue laws. Most changes reflect suggestions made by the Department of Revenue.

Franchisors: As originally written the bill included overly burdensome language that would have impacted franchisors operating within the state. The bill would have required franchisors with at least one franchisee in the state, to annually file an information return with the Secretary that contains information requested by the Secretary. NCRLA and other members of the business community worked to see this provision removed from the bill due to the unnecessary burden it would place on franchisors.

Franchise Tax: The bill revises the definition of "corporation" for purposes of the application of the franchise tax to close a loophole. The bill moves to include partnerships that elect to be taxed as a corporation for income tax purposes as part of the definition of corporation in

determining the applicability of the franchise tax. Under current law, the definition only includes limited liability companies that elect to be taxed as corporations, but not partnerships.

Bed and Breakfasts: The bill clarifies tax treatment for certain meals offered by bed and breakfasts. The price of additional meals served (those besides breakfast) shall be listed as a separate charge on the overnight guest's bill and thus are not considered part of the room rate.

This change was necessary to better reflect the intent of language passed during the 2017 legislative session, allowing optional meals for bed and breakfast guests. [SB 16](#) provides that both bed and breakfast homes and inns may offer guests breakfast, lunch, and/or dinner, but only the breakfast meal must be included in the initial room rate. The bill also removed the arbitrary cap of 23 guests placed on bed and breakfast inns.

Guests often stay several days and wish to experience local cuisine instead of eating all meals at the bed and breakfast. Because all meals served were previously required to be in the room rate, guests felt penalized by having to pay for meals offered, but not necessarily consumed. Removing the arbitrary cap also allows bed and breakfast inns to utilize all 12 rooms. The former 23 guest cap made it illegal for inns to house 12 couples or small families despite having 12 rooms available.

Outcome: Died in Senate Rules. However, this bill was added to the Appropriations Act of 2018, which is now law (see SB 99, pg 4.)

NC Restaurant Industry

- 482,300 restaurant and food service jobs
- By 2028, that number is projected to grow by 14.5%
- \$18.6 billion in sales



CONSTITUTIONAL AMENDMENTS

Summary of the six constitutional amendments considered by the North Carolina General Assembly for placement on the ballot for the general election this November.

In order to amend the state constitution, three-fifths of both the House and the Senate must agree to bring the proposed amendment to a statewide vote. Constitutional amendments that receive favorable reports in both the House and the Senate are not subject to the Governor's approval.

SB 75 Max. Income Tax Rate

NCRLA Position: Monitoring

SB 75 would present North Carolina voters with the opportunity to amend the North Carolina constitution to cap the rate of tax on incomes to not exceed seven percent. Currently the income tax rate is capped at 10 percent.

Outcome: Became Law

Effective Date: Upon certification, would apply to taxable years beginning on January 1, 2019

HB 551 Marsy's Law

NCRLA Position: Monitoring

HB 511 would present North Carolina voters with the opportunity to amend the North Carolina constitution to add more protections and rights for crime victims in the legal process.

The bill is one of many put forth by legislatures around the country, named for Marsalee (Marsy) Nicholas. Marsy was murdered in California in 1983. A week after her murder, Marsy's family encountered the accused murderer in the grocery store. The family had not been notified that the suspect had been granted pre-trial release. At the time, there was no obligation for the courts or law enforcement to inform a victim, or his or her family, about the release of a defendant.

HB 511 amends the constitution to expand the list of offenses that trigger victims' rights to include crimes against the person, felony property crimes, delinquent acts against the person, and delinquent acts equivalent to felony property crimes. The bill guarantees victims the following rights:

- To be treated with dignity and respect.
- Reasonable, accurate, and timely notice, upon request.
- To be present at any proceeding.
- To be reasonably heard at certain proceedings.

- Restitution in a reasonably timely manner.
- Information, upon request.
- To reasonably confer with the prosecutor.

Outcome: Became law

Effective Date: If first approved by North Carolina voters in the November 2018 election, August 31, 2019

SB 677 Protect the Right to Hunt and Fish

NCRLA Position: Monitoring

SB 677 would present North Carolina voters with the opportunity to amend the North Carolina constitution to protect and preserve the right of people to hunt, fish, and harvest wildlife, as part of the State's heritage. The amendment would also demonstrate that this right is only subject to laws enacted by the General Assembly, or pursuant to authority granted by the General Assembly relating to the promotion of wildlife conservation and the preservation of the future of hunting and fishing.

Outcome: Became law

Effective Date: If approved by North Carolina voters in the November 2018 election

SB 814 Judicial Vacancy Sunshine Amendment

NCRLA Position: Monitoring

SB 814 would present North Carolina voters with the opportunity to amend the North Carolina constitution to change the rules for who appoints judges when vacancies arise between elections. Under current law, the governor is responsible for appointing them. However, the bill would create a system where anybody in the state could submit a nomination to the Nonpartisan Judicial Merit Commission, a commission to be established to oversee and evaluate submissions. Once evaluated, the information would be then sent to the General Assembly. The General Assembly would then be responsible for picking two names to send to the governor. Should a vacancy arise right before an election, the chief justice of the North Carolina Supreme Court would make the pick instead of the Governor.

The Nonpartisan Judicial Merit Commission is to consist of no more than nine members. Appointment authority will be apportioned between the Chief Justice of the Supreme Court, the Governor, and the General Assembly.

Outcome: Became law

Effective Date: If approved by North Carolina voters in the November 2018 election

HB 913 Bipartisan Ethics and Elections Enforcement***NCRLA Position: Monitoring***

HB 913 would present North Carolina voters with the opportunity to amend the North Carolina constitution to establish the Bipartisan State Board of Ethics and Elections Enforcement to administer state ethics and elections laws. The Board would be located within the Executive branch, but would exercise powers independent of the branch.

The board will consist of eight members, each to serve a term of four years. No more than four of these members may be from the same political affiliation. Four members are to be appointed by the General Assembly at the recommendation of the Senate President Pro Tempore, who may receive suggestions for nominees from the majority and minority leaders of the Senate. The other four members are to be appointed by the General Assembly at the recommendation of the Speaker of the North Carolina House, who may receive nominee suggestions from the majority and minority leaders of the House.

The North Carolina General Assembly will control the powers, duties, responsibilities of the Board, while the Executive Branch will ensure faithful execution of the laws prescribing the Bipartisan State Board of Ethics and Elections Enforcement.

Outcome: Became law

Effective Date: If approved by North Carolina voters in the November 2018 election

HB 1092 Require Photo ID to Vote***NCRLA Position: Monitoring***

HB 1092 would present North Carolina voters with the opportunity to amend the North Carolina constitution to require photo identification for voting in person.

Outcome: Became law

Effective Date: If approved by North Carolina voters in the November 2018 election

ADDITIONAL LEGISLATION

Summary of legislation covering a broad array of topics that could potentially impact the hospitality industry.

**S.B. 711 Farm Act of 2018
(B. Jackson)**

***NCRLA Position: Formerly opposed;
neutral after amendments***

SB 711 makes various changes to laws concerning agriculture. Originally, Section 1 of the bill, dealing with North Carolina's Handlers Registration Act, would have required every handler of fruits and vegetables, including restaurants, desiring to transact business in the state to get an annual license from the Commissioner of Agriculture to be renewed each year for a fee. Before a license could be issued, an applicant would have had to deliver a surety bond or a certificate of deposit to the Commissioner of Agriculture, in an amount depending on the potential licensee's gross monthly business. NCRLA and other industry stakeholders worked closely with the sponsor to not only have restaurants exempted out from the provision but also to water down the general application. This provision, now known as the Fruit and Vegetable Handlers Registration Act, would require handlers, prior to conducting business in North Carolina to register with the Department of Agriculture and Consumer Services by providing certain details.

As the bill traveled through the legislative process several other provisions were added to the bill, including a piece relating to the identity of milk. The bill directs the Food and Drug Protection Division of the Department of Agriculture and Consumer Services to immediately develop an enforcement plan to enforce the United States Food and Drug Administration's standard identity of milk, as adopted by the State, to prohibit the sale of plant-based products mislabeled as milk, such as soy milk or almond milk. Concerned industry groups were able to secure an amendment requiring 11 other states to adopt similar policies to address mislabeling before North Carolina could act to enforce its plan.

Also amended onto the bill is a provision to allow the dispensing of raw milk and raw milk products to independent or partial owners of lactating animals for personal use or consumption.

Outcome: Veto overridden, became law

Effective Date: Now in effect

WHY IT MATTERS: The original language strengthening the requirements of the Handler's Act would have put a significant burden on small businesses including farm-to-table concepts.

**SB 162 Human Trafficking Restorative Justice
(Judiciary Committee Substitute)*****NCRLA Position: Support***

SB 162 provides an affirmative defense to prosecution when a person charged with the offense is a victim at the time and was coerced or deceived into committing the offense as a result of their status as a victim. It also provides greater confidentiality protections for victims and their families and adds medical, psychological treatment, temporary housing, and other service costs reasonably certain to be incurred by the victim for potential restitution. It redefines "abused juveniles" to include all victims less than 18 years old, amends evidentiary rules, and changes the number of members on the Human Trafficking Commission from 12 to no more than 15. The bill also directs the Human Trafficking Commission to study sentencing and post-conviction relief for human trafficking offenses.

Outcome: Signed by the Governor***Effective Date: Now in effect***

WHY IT MATTERS: The safety and well-being of both our guests and our employees is a top priority for NCRLA and our members. One of the most troubling safety issues the hospitality industry faces is human trafficking. North Carolina was ranked 10th in reported human trafficking cases, by the National Human Trafficking Hotline, in 2016. As the industry continues to help raise awareness, NCRLA supports all efforts to help eliminate the problem.

**SB 813 Asheville City Council Districts
(Edwards)*****NCRLA Position: Support***

SB 813 would amend the process and procedures for Asheville City Council elections. The bill would move elections for mayor and council members to even-numbered years, with the election falling on the first Monday in November, beginning in 2020 and biennially thereafter. The names of candidates would be printed on ballots without reference to any party affiliation, and any qualified voter residing in the city shall be entitled to vote on such ballots.

The bill also requires that one council member shall be nominated and elected from the city at-large. Five council members shall reside and be elected from within five separate districts, as set forth by the bill.

The Asheville mayoral position will be nominated and elected at large. For 2017, the candidate

elected mayor will serve a five-year term, but beginning with the 2022 election, the mayor shall serve four-year terms moving forward.

Outcome: *Became law*

Effective Date: *Now in effect for subsequent elections*

WHY IT MATTERS: District-based elections or seats help to better ensure a greater diversity of viewpoints on the city council and offer citizens a better opportunity to be heard by having a specific council member represent an area and the people within that subset of the community.



NC Tourism

- \$24 billion in visitor spending in 2017
- 54.7% of that spending is expended in restaurant and lodging businesses
- 1 in 50 North Carolina residents is employed by the tourism industry