

## North Carolina Legislative Update, November 18, 2019

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Legislators left Raleigh this past Friday after passing bills drawing new congressional district lines and some additional appropriations bills. They plan to return on Jan. 14 for a session that may consider a variety of items including appropriations, transportation, and health care. The budget bill (H966) passed by the General Assembly in late June is still pending in the Senate, which has yet to schedule a veto override vote. The House overrode the veto on Sept. 11.

### **Appropriations Bills**

Given that the budget bill (H966) has not become law, last week Legislators continued their practice of passing topic-specific “mini-budget” bills. One (S356) provides additional funds to restart transportation projects that had been halted due to funding concerns and another (H200) provides additional funding for storm relief. Both were passed with few dissenting votes and now go to Governor Roy Cooper for his consideration.

In addition to providing new money for stalled projects, S356 creates a reserve to deal with federally declared storms and disasters, provides funds to address MAP Act lawsuits, creates new reporting requirements for NC DOT to the General Assembly, and directs the State Auditor to do a performance audit of NC DOT.

H200 provides over \$100 million for relief from past storms and also contains provisions on some other topics including new money for a Rural Health Care Stabilization Fund.

Action was taken on some other “mini-budget” bills. Governor Cooper signed S377, which funds K-12 educator “step” salary increases based on years of experience. Stating that he thought the appropriations were inadequate, he vetoed two other education bills-- (H231), which funds salary increases at the University of North Carolina and community colleges, and (S354), which raises K-12 educator salaries and provides additional raises if H966 is enacted. The Governor also vetoed a bill (H398) funding the Department of Information Technology and some technology projects, one of which would have sent \$20 million to a private college for a cybersecurity center. Legislators did not schedule override votes on these vetoed bills, all of which passed largely on party-line votes.

Mini-budget bills enacted earlier in the session provide funding for rape kits (H29), school safety (H75), transportation (H100), State Highway Patrol raises (H126), state employee raises (H226), the GREAT broadband buildout program (H387), prison funds (including employee salaries)

(H609), State Bureau of Investigation and Alcohol Law Enforcement raises (H777), facilitating the drawdown of federal funds for health and human services and Community Development Block Grants (H961), the “Raise the Age” law, which shifts 16- and 17-year old offenders out of the adult court and prison system (H1001), community colleges (S61), prison safety (S118), and disaster relief (S429). In addition, a bill (H111) funding “base budgets” (often spending at the prior year levels) for a number of state agencies has been enacted.

### **Tax Bills**

A number of tax bills are under consideration. Two were recently signed into law by Governor Cooper. They are H399, which extends the tax credit for historic rehabilitation and favorable sales tax treatment for motorsports teams and commercial airlines and also expands the tax credit for mill rehabilitation, and S557, which contains a number of provisions from bills considered earlier in the session including raising the standard deduction, enacting market-based sourcing for multistate income tax apportionment for certain businesses, and requiring “marketplace facilitators” (such as Amazon and eBay) to collect and remit sales taxes under certain circumstances.

Governor Cooper vetoed S578, which would reduce the franchise tax rate for businesses and expand the Film and Entertainment Grant Fund. This bill passed by closer margins than the other two tax bills with votes largely on party lines.

### **Redistricting**

Legislators last week passed a bill (H1026) drawing new congressional election districts. The bill now goes for review to a three-judge State court panel that ordered the redrawing.

That same judicial panel recently approved the new legislative district maps passed by the General Assembly and a court challenge to that approval was not successful. The new Senate maps are in S692 and the House maps are in H1020.

For more information, contact a member of the Brooks Pierce Government Affairs Team.

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