

North Carolina Legislative Update, July 12, 2019

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This week at the General Assembly ended without a budget veto override or new budget bill and legislators considered bills on a variety of topics as they inched closer to the end of session.

Budget Bill (H966) & Supplemental Appropriations (H111)

Although the budget bill was placed on the House calendar this week to consider an override of Governor Roy Cooper's veto, a vote on the override was not taken. It is uncertain whether House Republicans can persuade enough Democrats to join them in a vote to override, which takes 60% of those present and voting. If all House members vote, seven Democrats would have to support an override for it to be successful. Although a new budget bill has not been enacted, operation of State government and related functions continue under 2019 fiscal year funding levels pursuant to a law enacted a few years ago.

Governor Cooper continues to advocate for Medicaid expansion as part of the budget bill. He offered ideas this week as a way to resolve the current impasse which include a teacher salary increase of 8.5% over two years (higher than that in H966), eliminating the franchise tax cut for business in H966, and funding school construction through a hybrid of a bond package (Cooper's proposal) and a pay-as-you-go approach as in H966.

The House on Wednesday passed a supplemental spending bill (H111) covering a number of items that will, among other things, help draw down federal money for certain programs. It also includes funds for enrollment growth in K-12 schools. The bill has now been sent to the Senate.

Expanding Health Care Coverage (H655)

This week, the House moved a bill to the chamber floor that would expand health care coverage for many North Carolinians. The bill would create an "NC Health Care for Working Families" program. Representative Donny Lambeth (R-Forsyth), one of its chief sponsors, indicated that the bill could cover up to 500,000 North Carolinians currently without health insurance. It would also cover residents who meet federal Medicaid citizenship and immigration requirements but who are not currently eligible for Medicaid. Although Speaker Tim Moore (R-Cleveland) indicated support for the bill, he stated that the House will not vote on it without an agreement on the budget.

Storm Securitization and Electric Ratemaking (S559)

S559, which would allow electric utilities to finance certain storm recovery costs and authorizes the Utilities Commission to use an alternative rate setting mechanism, passed the House Rules Committee this week and is pending on the House floor calendar. In addition to the current rate case mechanism used to set electric rates, the bill would authorize the Commission to use multiyear rate plans and banding of authorized returns to set rates. The bill was amended this week to direct Duke Energy to invest returns up to 1.25% over those authorized by the Utilities Commission in projects the bill's supporters said would help low-income communities.

New Gaming Commission (S574)

The House voted Thursday to overhaul North Carolina's gaming laws and establish a new Gaming Commission to oversee games such as the lottery, bingo, and raffles. The bill also directs the Commission to study authorizing sports betting and steeplechases. Representative Harry Warren (R-Rowan), a chief sponsor of the bill, said that it does not expand gaming and unlike earlier versions, does not cover fantasy sports or video lottery terminals. The bill passed the House 86-26, and now goes back to the Senate for a possible concurrence vote.

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