

## North Carolina Legislative Update, November 4, 2019

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After considering additional “mini-budget” and tax bills, Legislators have left Raleigh and will return on Nov. 13 for a session likely focused on congressional redistricting. After concluding that session, they will 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 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 has not yet become law, Legislators continue to act on appropriations bills and may consider others when they return to Raleigh.

Legislators last week unanimously passed a bill (H111) to enact “base budgets” (often spending at the prior year levels) for a number of state agencies. The bill has been sent to Governor Roy Cooper.

A number of education bills are being considered. Governor Cooper recently signed one (S61) into law that funds community colleges.

Three other education “mini-budget” bills passed the two chambers largely on party lines. They are (H231) which funds salary increases at the University of North Carolina and community colleges, (H377) which funds K-12 educator “step” salary increases based on years of experience, and (S354) which raises educator salaries and provides additional raises if H966 is enacted. A bill (H398) funding the Department of Information Technology and some technology projects also passed by similar margins. It is uncertain how the Governor will treat these bills.

Two bills (H1023, H200) providing funds for storm recovery are being considered. The House unanimously passed H1023 and sent it to the Senate. H200 is in a conference committee.

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 (H 1001), prison safety (S118), and disaster relief (S429).

## **Tax Changes**

A number of tax bills are under consideration. 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, has been enacted.

Two other tax bills have been sent to the Governor. S557, which passed both chambers by large margins, 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. S578, which passed by closer margins and largely on party line votes, would reduce the franchise tax rate for businesses and expand the Film and Entertainment Grant Fund.

## **Transportation Funding**

Some Legislative leaders have indicated that they may consider additional funding for transportation when returning to Raleigh in January. The House Appropriations Transportation Committee recently approved such a bill (H967) that seeks to address transportation funding shortages caused in large part by recent storms and compensating landowners for impact caused by the MAP Act, which formerly allowed NC DOT to reserve rights-of-way for future highway projects. If enacted, the bill would provide an infusion of over \$600 million to NC DOT, which could restart a number of projects put on hold by budget shortfalls. It is supported by a coalition led by the North Carolina Chamber of Commerce. This bill is pending in the full House Appropriations Committee. Other such bills may surface when this topic is considered.

## **Redistricting**

A three-judge State court panel recently approved the new legislative district maps passed by the General Assembly. The new Senate maps are in S692 and the House maps are in H1020. The maps were redrawn in response to a State court lawsuit challenging congressional district lines, that same three-judge panel ordered the General Assembly to redraw them, which will be on the agenda when Legislators return on Nov. 13.

In addition, a number of bills that would create new processes for redistricting (H69, H140, and H648) are pending. It is uncertain whether Legislators will vote on this topic during the 2019-20 Session.

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

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