

Brooks Pierce Capital Dispatch: Updates from the NC General Assembly and Governor's Office, June 18, 2021

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This week, Legislators continued working on the budget bill and considered other bills on a variety of topics.

New Consensus Revenue Forecast/State Budget Bill

Economists in the Office of State Budget and Management and General Assembly's Fiscal Research Division this week announced an updated consensus revenue forecast for the next two fiscal years. These numbers provide important guidance to the Governor and General Assembly as they write a new budget bill for the biennium.

The new forecast shows significant growth in state tax collections as compared to prior projections. It projects \$60.4 billion of revenue will be available for the biennium (\$29.7 billion in fiscal year 2022 and \$30.7 billion in fiscal year 2023). The combined effect of the upward revisions to the February consensus forecast for the current year and the next biennium adds \$6.5 billion to total General Fund availability through fiscal year 2023. The forecast does not include funds received from the federal American Rescue Plan.

Prior to release of the new forecast, House and Senate leaders announced an agreement for state budget spending caps for fiscal years 2022 and 2023. They propose to spend \$25.7 billion in FY 2022 and \$26.7 billion in FY 2023. Both numbers are below those proposed by Gov. Roy Cooper but are increases from fiscal year 2021 spending.

Press reports indicate that the Senate version of the budget bill will be released the week of June 21 and after Senate approval, the bill will be sent to the House. It is therefore unlikely that a new budget bill will be enacted by July 1, the beginning of fiscal year 2022. Without a new budget bill, state government operations will continue with spending at the prior year's recurring funding levels.

"Regulatory Sandbox"

Similar "Regulatory Sandbox Act" bills (S 470, H 624) passed the Senate and House this week. The two Houses will now work to resolve the differences between the bills. The bills create a new North Carolina Innovation Council that would be authorized to select persons or entities applying

to offer banking, financial, or insurance products or services to consumers utilizing new or emerging technology. Those selected would participate in the program for an initial period of 24 months under the oversight of either the Office of the Commissioner of Banks or the Department of Insurance. The overseeing agency would have authority to waive statutory or regulatory requirements that otherwise would not permit a participant to offer the product or service to consumers.

Energy Bill

A bill (H 951) that would significantly change state laws governing energy generation and rate setting was discussed this week in the House Energy and Public Utilities Committee. Among other things, the bill adjusts the retirement timeline of some coal-fired electric plants, outlines competitive procurement of renewable energy resources and empowers the North Carolina Utilities Commission to use multi-year ratemaking. A vote on the bill in the Committee could come as early as next week. Gov. Cooper indicated in a statement that he does not support the current version of the bill.

Government Employee Personnel Records

The Senate passed a bill (H 64) this week that would make personnel records of North Carolina government employees more public. It would expand public access to a general description of the reasons for each personnel action taken by certain governmental employers to include any employee demotion, transfer, suspension, separation and dismissal, in addition to each promotion. If enacted, it would be effective Dec. 31, 2021. The bill is supported by the North Carolina Press Association. Opponents include the State Employees Association and the North Carolina Association of Educators.

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

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Environmental

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