

## Brooks Pierce Capital Dispatch: Updates from the NC General Assembly and Governor's Office, May 14, 2021

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This week, legislators considered dozens of bills as they worked to pass versions in one chamber prior to the crossover deadline.

### **Crossover and Bill Filing Deadline**

Legislators left Raleigh this week after working long hours in advance of the May 13 crossover deadline, the date by which a bill that does not impact taxes or spending must pass one chamber. Although the content of a bill can in some cases be inserted into an eligible bill after this deadline, as a practical matter, covered bills that did not meet the deadline are ineligible for the remainder of the session.

In addition, dozens of new House bills were introduced prior to the May 11 bill filing deadline for tax and spending bills. These bills are not subject to the crossover deadline.

### **Budget Process**

The Senate is crafting the budget bill first this year and according to numerous sources, is well into this process. Press reports indicate that the two houses have not yet agreed on spending targets, which is usually a step in the budget process. In addition, Gov. Roy Cooper is expected next week to make recommendations on how to spend federal American Rescue Plan Act (ARPA) funds. When past federal COVID-19 funds came to the state, legislators passed bills allocating these funds and they will likely do the same with the ARPA funds.

### **Prohibit Ransomware Payment**

The House this week passed and sent to the Senate a bill (H 813) to prohibit state agencies, local governments, and the University of North Carolina from paying ransomware in connection with cybersecurity incidents. Under the bill, a covered entity experiencing a ransom request in connection with an incident shall consult with the Department of Information Technology.

### **PPP Loan Expense Bill Still Pending**

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A bill (H 334) clarifying that expenses related to federal Paycheck Protection Program (PPP) loans are not subject to state income tax for tax year 2020 remains pending in the Senate. The bill would temporarily repeal a provision in current law that does not allow businesses to deduct expenses funded with PPP dollars if the proceeds received from forgiven PPP loans are excluded from income for tax purposes.

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

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