

North Carolina Legislative Update, May 11, 2018

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PRIMARY ELECTIONS HELD MAY 8— LEGISLATORS RETURN TO RALEIGH ON MAY 16—

May is a busy month for elections and government in North Carolina. Primary elections were held for certain federal, state and local offices on May 8th and Legislators return to Raleigh on May 16th for their 2018 session.

May 8 Primary

Voters on May 8th selected nominees for the November 6th General Election. Some notable results from contested races include:

US House

All 13 North Carolina US House seats are on the ballot this year. Republicans currently hold a 10-3 majority in the State's delegation. Congressman Robert Pittenger (R-9th) was the only incumbent that was defeated. He lost to former minister Mark Harris in a rematch of their 2016 race. Harris will face Democrat business owner, Dan McCready in November. Other incumbents won with significant majorities with only Congressman Walter Jones (R-3rd) having a close race (he won with 43%).

NC General Assembly

A lot of interest is focused on Legislative races this year with Democrats seeking to break the "supermajority" currently held by Republicans in both houses. Their current majorities (35 to 15 in the Senate and 75 to 45 in the House) allow Republicans to override vetoes by Governor Roy Cooper (D). For the first time in a number of years, all 170 Legislative districts are contested. They must gain a net of four seats in the House and six seats in the Senate to break the supermajority.

Four Senate incumbents were defeated in primaries—Senators Dan Barrett (R-Davie), David Curtis (R-Lincoln), Joel Ford (D-Mecklenburg), and Shirley Randleman (R-Wilkes). Randleman and Barrett lost to other incumbents who were running in the same district due to a redrawing of the district lines.

Three House incumbents lost their primary campaigns—Representatives Beverly Boswell (R-Dare), Duane Hall (D-Wake), and Justin Burr (R-Stanly).

2018 General Assembly Session

The North Carolina General Assembly convenes on May 16 for its “short session.” Legislators will focus primarily on adjusting the two-year budget enacted in 2017. In addition to budget and tax bills, the rules allow consideration of bills proposing amendments to the State Constitution, those that passed one house last year, bills implementing recommendations of Legislative study commissions, certain local bills, and bills making appointments to State boards and commissions.

Here are some matters that Legislators are expected to consider this summer:

State Budget

Legislators are signaling that they will enact a budget bill well in advance of June 30th, the end of the State’s fiscal year. This timeline is driven in part by 2018 being an election year with all 170 Legislative seats being contested. Some speculate this year’s short session will be especially expedited.

Legislative leaders have already agreed on a FY19 spending target of \$23.9 billion (up from the \$23 billion budget for FY18). They recently announced that there is \$600 million within this target amount that can be appropriated this year. About \$350 million is a surplus in FY18 and \$275 million is from money reserved for FY19 during last year’s session.

Both Governor Cooper and Legislators have mentioned increasing spending for a variety of things including educator salaries, prison guards and school resource officers. Cooper has also proposed additional funds to address the GenX water contamination issue in Southeast North Carolina.

Build NC Bonds

The Department of Transportation is seeking authority for a new type of bond to fund certain transportation projects. Termed “Build NC” bonds, the bonds would be funded based on future revenues from fuel tax collections. A similar type of bonds (“GARVEE” bonds) is used at the federal level. A House committee has recommended a bill on this topic, which makes it eligible for consideration this session.

Constitutional amendments

Some Legislators have indicated they will consider amendments to the State Constitution to cap the State personal income tax rate at 5.5% (the cap is now 10% in the State Constitution). The current personal income tax rate is 5.499% and is scheduled to drop to 5.25% on January 1, 2019. Other amendments that are being discussed address the right to hunt and fish, and to make changes to voting.

Judicial redistricting

A variety of proposals to redraw North Carolina’s judicial districts or to change the way judges are selected are being discussed. It is uncertain whether Legislators will tackle this topic during this session.

Data breaches

Attorney General Josh Stein has proposed some changes to State laws on data breach notification (the Identify Theft Protection Act). This law was enacted in 2005 and imposes general security breach notification requirements upon businesses that own, license, maintain, or possess the personal information of North Carolina residents. Reports are unclear on whether the Legislature will consider this potentially complex bill during the short session.

School Safety

In response to the recent increase in school shootings the House Committee on School Safety was formed and tasked with addressing a number of issues related to school safety including mental and behavioral health. The committee has recommended, in the form of a bill, a number of measures including increasing the number of and optimizing the use of school psychiatrists, counselors, and nurses, funding the SpeakUp reporting app, studying an armed Student Resource Officer program as well as increasing funding, training, and reporting for SROs, requiring facility vulnerability assessments for school buildings.

For more information, contact the Brooks Pierce Government Affairs Team, linked below.