

North Carolina Legislative Update, May 3, 2019

May 6, 2019



It was a busy week at the North Carolina General Assembly as the House passed its version of the budget bill and both houses worked intensely in advance of the May 9 crossover deadline.

Budget Bill ([H966](#))

The House on Friday passed its version of the budget bill for fiscal years 2020 and 2021. North Carolina adopts a two-year budget in the odd-numbered years and adjusts the second year spending in an even-numbered year session. The vote to pass the bill was largely along party lines.

Here are some highlights from the House budget, which appropriates \$23.9 billion in FY20 and \$24.9 billion in FY21:

Raises pay for K-12 teachers by an average of 4.6% with an effective date of January 1, 2020

Raises pay for State employees by 1% or \$500, whichever is greater, with an effective date of January 1, 2020

Funds enrollment growth in K-12 schools and the University of North Carolina

Appropriates additional funds for Hurricane Florence relief to buy out homes, build local government infrastructure, and pay flood insurance premiums for certain homeowners

Provides funding for the State's transition to Medicaid managed care

Provides \$30 million over two years for the GREAT grant program, which incentivizes private sector Internet providers and cooperatives to partner on broadband buildout

Makes a number of tax changes including raising the standard deduction, reducing franchise taxes on businesses, requiring "marketplace facilitators," such as eBay, to collect sales taxes, and extending favorable tax treatment for interstate airlines, professional motor sports racing teams, and historic preservation projects

Storm Securitization and Electric Rates ([S559](#))

A bill that would permit electric utility companies to finance certain storm recovery costs and make certain changes in electric rate setting passed the Senate Thursday by a vote of 27 to 21. The bill does two things—1) it allows financing of the storm costs through "securitization," and 2) it would allow the North Carolina Utilities Commission to consider a move to

multiyear rate plans, banding of authorized returns, or a combination of the two. A number of businesses and environmental groups have expressed concern about the rate setting provisions.

Wind Ban ([S377](#))

A bill to ban wind energy facilities in certain parts of North Carolina passed the Senate Commerce and Insurance committee this week. The bill's chief sponsor—Senator Harry Brown (R-Onslow)—argued that the bill is necessary to protect air space around the State's military installations. Opponents believe the existing federal process governing siting of such facilities close to military installations is sufficient and also cited concern for the impact on the rights of property owners who may want to site such facilities on their land. The bill will next be heard in the Senate Rules committee.

Crossover and bill introduction deadlines

Legislators are considering dozens of bills in advance of the May 9 crossover deadline. By that date, bills that are not finance or appropriations bills must pass one house to remain eligible. The deadline for introducing bills without finance or appropriation provisions has passed—almost 1,700 bills were introduced before that deadline.

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