

North Carolina Legislative Update, October 25, 2019

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Legislators this week continued to act on some “mini-budget” bills. Some legislative leaders have indicated that they plan to leave Raleigh at the end of October, at least until later in the year—and thus, are focused on a number of unresolved budget and tax issues. The budget bill, [H966](#) is pending in the Senate, which has yet to schedule a veto override vote, after the House’s override on September 11.

“Mini-budget” Bills

Some “mini-budget” bills recently enacted appropriate funds for transportation ([H100](#)), the GREAT broadband buildout program ([H387](#)), and the “Raise the Age” law, which shifts 16- and 17-year-old offenders out of the adult court and prison system ([H1001](#)).

In addition, Legislators unanimously passed a bill ([S61](#)) that would fund community colleges and sent it to Governor Roy Cooper.

The Senate this week passed two other “mini-budget” bills—one ([H231](#)) to fund salary increases at the University of North Carolina and community colleges, and one ([H377](#)) funding K-12 educator “step” salary increases, which are based on years of experience. The House approved a bill ([H398](#)) funding the Department of Information Technology and some technology projects.

Mini-budget bills enacted earlier in the session provide funding for rape kits ([H29](#)), school safety ([H75](#)), State Highway Patrol raises ([H126](#)), state employee raises ([H226](#)), 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](#)), prison safety ([S118](#)), and disaster relief ([S429](#)).

A number of matters in H966 have not yet been addressed in “mini-budget” bills. They include across the board salary increases for K-12 educators and Medicaid funding. It is uncertain whether these or other topics will be addressed in such bills.

Tax Changes

Legislators this week passed a bill ([H399](#)), which contains many of the tax changes in the budget bill and sent it to the Governor. Among other things, H399 extends the tax credit for historic rehabilitation and favorable sales tax treatment for motorsports teams and commercial airlines. The bill also expands the tax credit for mill rehabilitation.

Two other tax bills moved through the Senate this week. [S557](#) 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](#) would reduce the franchise tax rate for businesses and expand the Film and Entertainment Grant Fund.

Transportation Funding

The House Appropriations Transportation Committee this week approved a bill ([H967](#)) intended 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. The bill has been referred to the full House Appropriations Committee.

Redistricting

New legislative district maps recently passed by the General Assembly continue to be under review by the panel of three state court judges that ordered their redrawing. The new Senate maps are in [S692](#) and the House maps are in [H1020](#). It is uncertain when these judges will issue their ruling.

In addition, a number of bills that would create new processes for redistricting ([H69](#), [H140](#), and [H648](#)) were heard on Thursday in the House Redistricting Committee. It is uncertain whether legislators will vote on this topic during the 2019 Session.

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